

# Herald Tribune

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Algeria	5.00	Belgium	17.50	France	100.00	Germany	5.00	Netherlands	10.00
Austria	17.50	Canada	17.50	Greece	100.00	Italy	100.00	Japan	100.00
Brazil	100.00	Denmark	10.00	Ireland	10.00	Lebanon	10.00	Spain	10.00
Canada	17.50	Egypt	10.00	Israel	10.00	Luxembourg	10.00	Sweden	10.00
Cyprus	10.00	Finland	10.00	Italy	100.00	Norway	10.00	Switzerland	10.00
Czechoslovakia	10.00	France	100.00	Japan	100.00	Portugal	10.00	Taiwan	10.00
Denmark	10.00	Germany	5.00	Netherlands	10.00	Romania	10.00	Thailand	10.00
Egypt	10.00	Greece	100.00	Italy	100.00	Saudi Arabia	10.00	West Germany	5.00
Finland	10.00	Ireland	10.00	Lebanon	10.00	South Korea	10.00	Yemen	10.00
France	100.00	Israel	10.00	Luxembourg	10.00	Sri Lanka	10.00	Zimbabwe	10.00
Germany	5.00	Luxembourg	10.00	Norway	10.00	Taiwan	10.00		
Greece	100.00	Norway	10.00	Sweden	10.00	Thailand	10.00		
Ireland	10.00	Sweden	10.00	Thailand	10.00	West Germany	5.00		
Italy	100.00	Thailand	10.00	West Germany	5.00	Yemen	10.00		
Japan	100.00	West Germany	5.00	Yemen	10.00	Zimbabwe	10.00		
Lebanon	10.00	Yemen	10.00	Zimbabwe	10.00				
Luxembourg	10.00	Zimbabwe	10.00						
Norway	10.00								
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Yemen	10.00								
Zimbabwe	10.00								



Basta Street, in a residential area of West Beirut, was a scene of devastation Friday after the most intensive Israeli air bombardment since the June 6 invasion of Lebanon. The area, once a fashionable neighborhood, suffered many casualties in raids.



Hundreds of residents of West Beirut streamed homeward Thursday evening after a cease-fire halted massive Israeli air raids. Seeking refuge, the residents of the Moslem sector of Lebanon's capital had fled across the Green Line to predominantly Christian East Beirut. In the foreground, Israeli soldiers checked cars at the Green Line's Galerie Samaan crossing.

## Cease-Fire Holds in Beirut; Progress Reported in Talks

**Compiled by Our Staff From Dispatches**  
**BEIRUT** — A new cease-fire that stopped the most intense bombing yet of the Lebanese capital continued to hold Friday, and U.S. and Lebanese officials resumed talks on evacuating PLO forces from West Beirut.

Lebanese Premier Shafiq al-Wazzan, who has served as a link between Philip C. Habib and the Palestine Liberation Organization, told reporters after meeting with the special U.S. envoy at Lebanon's presidential palace that the plan seemed to be coming together.

"Mr. Habib now has enough elements to be able to complete his negotiations and reach a stage at which implementation can begin," Mr. Wazzan said. "If Israel has honest intentions to make it possible for the Palestinians to go within the framework of a political solution."

"The majority of the people rightfully doubt Israel's real intentions after the massive escalation of hostilities that we witnessed yesterday," he added.

Lebanon had suspended its participation in the talks Thursday to protest Israel's heaviest air attacks since the June 6 invasion. President Reagan expressed outrage to Israel over the bombing after Jerusalem had ordered a halt to the air strikes.

Police said the attacks left at least 156 dead and 417 wounded before a new cease-fire went into effect. Israel reported two of its soldiers killed and 41 wounded in fighting during the 24 hours ending at 8 p.m. Thursday.

PLO communiques said the warplanes dropped 44,000 bombs and that at least 600 houses collapsed in the Chatila and Borge Barajni Palestinian camps, rendering the camps uninhabitable. Beirut radio stations said more than 100 more buildings were destroyed in the city itself, already a scene of massive devastation.

Beirut residents emerged from hiding on Friday to survey the latest damage, which was difficult to distinguish from previous destruction. Streets on which there continued to be some sort of commercial activity were crowded with people in the morning sunshine.

Despite a United Nations Security Council call Thursday night for the lifting of the siege of West Beirut, there was no sign that the Israelis were allowing food or electricity into the Moslem sector of the capital.

There was almost complete calm reported on the Israeli-Palestinian front around West Beirut on Friday. Motorcycle-borne guerrillas blared orders through loudspeakers for all fighters who had left their positions to report to their superiors within 48 hours or face court-martial.

After meeting with the American special envoy in Baabda, east of Beirut, Mr. Wazzan said he had conveyed to Mr. Habib the Lebanese and PLO response to Israel's latest conditions. There was speculation that Mr. Habib would travel to Israel soon to try to resolve remaining differences.

Mr. Wazzan said one item on the agenda of Mr. Habib, who refused to comment to reporters, was the timing of the arrival of a multinational force to take over PLO positions in West Beirut.

PLO spokesman Jamil Hilal said Israel now wants the Lebanese Army to deploy in West Beirut at the early stage of the evacuation, rather than an advance contingent from the proposed U.S., French and Italian force.

State-run Beirut Radio quoted well-informed political circles as saying the first batch of PLO fighters would leave by sea for the Jordanian port of Aqaba at dawn Thursday. The same date was mentioned by Israeli officials.

Former Premier Saeb Salam, another mediator between Mr. Habib and PLO chairman Yasser Arafat, said Israel now wants 13,000 guerrillas evacuated and demanded their names. Several days ago the PLO said there were 7,100 guerrillas to be evacuated from the city.

## Israel Expecting PLO Exit Next Week

### 'Technicalities' Remain in Talks, Reagan Declares

**Compiled by Our Staff From Dispatches**  
**JERUSALEM** — Israel still expects the peaceful withdrawal of Palestinian guerrillas from Beirut to begin next week despite Thursday's brief halt in negotiations caused by Israel's intense air raids, government officials said Friday.

"We were never told of any suspension in the Beirut talks, and we know they are continuing normally," an official said.

President Reagan telephoned Prime Minister Menachem Begin from Washington Thursday and demanded a halt to the air attacks on West Beirut, where the guerrillas and a Syrian force are trapped.

President Reagan said Friday that he is "reasonably optimistic" that the latest cease-fire in Lebanon would hold and that the negotiations for removal of the Palestine Liberation Organization are "down to the technicalities."

Mr. Reagan said at an informal question-and-answer session with reporters that his anger over Israel's bombing and shelling attacks Thursday had been prompted by the fact that negotiations on the departure of the PLO had been broken off by the attacks. He said that previous Israeli attacks on West Beirut had generally been the result of PLO violations of cease-fire agreements.

Larry M. Speakes, deputy White House press secretary, said Mr. Reagan followed up his call with a letter that "amplified" on the conversation, but he gave no details.

Mr. Reagan, in his strongest statement since the start of the Israeli invasion of Lebanon June 6, charged that the bombardment had jeopardized negotiations at "the point of success."

Mr. Begin told Mr. Reagan that his Cabinet had agreed to an 11th cease-fire even before his call.

The United States joined the 14 other members of the United Nations Security Council Thursday night in approving a resolution demanding strict observance of a cease-fire and Israeli cooperation in allowing UN observers to operate in Beirut.

The official in Jerusalem said Friday that Mr. Begin and his government expect the Palestine Liberation Organization guerrillas to start moving out of Lebanon next week, probably Thursday, and the multinational UN peacekeeping force to move in a few days later.

All of the guerrillas are expected to leave by land to Syria. From there, many of them will go to various Arab countries, including Jordan and Iraq, another Israeli official said.

The official said he understood the "chief sticking points" at the Beirut negotiations now are Syria's reluctance to remove its men from Beirut and to give assurances that the guerrillas who stay in Syria will not show up later in Syrian-controlled territory in eastern Lebanon.

Mr. Begin, in an interview published Friday, said the withdrawal of the PLO from Beirut may lead to the departure of Syrian forces from Lebanon.

He told the Ma'ariv newspaper that it was an "unbearable situation" for Syria that Israeli forces are 16 miles (25 kilometers) from Damascus and that the capital was within Israeli cannon range.

Israel has said repeatedly it will not withdraw its forces from Lebanon until the Syrians do. "Thus it is in the Syrian interest to leave Lebanon, so that we too will leave there," Mr. Begin said.

A bitter controversy erupted in (Continued on Page 2, Col. 3)



President Reagan spoke by telephone on Thursday from the White House Oval Office to Prime Minister Menachem Begin of Israel as Secretary of State George P. Shultz listened.

## A Chronology of 2 Days of Crisis

**About 6 a.m. Thursday (Beirut time)** — Israelis begin bombing West Beirut. As raids continue, Lebanon's premier, Shafiq al-Wazzan, tells Philip C. Habib, the special U.S. envoy, that talks cannot continue under the "blackmail and pressure" of the Israeli raids.

**2 p.m.** — The Israeli Cabinet meets. A message from President Reagan arrives, expressing "outrage" and reportedly threatening to halt the Habib mission. The message, saying the attacks had resulted in "needless destruction and bloodshed," is the sharpest statement by Mr. Reagan since the start of the Israeli invasion of Lebanon June 6.

The Cabinet decides to end the raids and order new ones only if they are "essential" and have the specific approval of Prime Minister Menachem Begin, who would call a Cabinet meeting to approve attacks "if he found it necessary." An Israeli announcement said later that the Cabinet had already made a decision to end the attacks before the Reagan message was received.

**4 p.m.** — President Reagan tries for hour to call Mr. Begin but cannot get through.

**4:50 p.m.** — King Fahd of Saudi Arabia calls Mr. Reagan, "expressing his concern over the situation in West Beirut."

**5 p.m.** — A new cease-fire goes into effect in West Beirut.

**5:10 p.m.** — Mr. Reagan reaches Mr. Begin for 10-minute telephone call. "He emphasized that Israel's actions halted Ambassador Habib's negotiations for the peaceful resolution of the Beirut crisis when they were at the point of success," a White House statement said. "The result has been more needless destruction and bloodshed."

**5:40 p.m.** — Mr. Begin calls President Reagan to say a "complete cease-fire" had been ordered. According to an Israeli communique, Mr. Reagan "expressed his gratitude, and the conversation ended with the words, 'Menachem, shalom.'"

*The New York Times*

## Pravda Criticizes Soviet Farmers, Industry for Failing to Meet Goals

**The Associated Press**  
**MOSCOW** — Pravda, the Communist Party newspaper, criticized Soviet industrial and agricultural enterprises Friday for failing to meet production goals and contributing to a continued slowdown in key economic areas.

The front-page article warned of serious shortfalls in the production of meat, milk and poultry and in the output of electricity, ferrous metals, synthetic fabrics and construction materials.

Economic growth in the January-to-July period, figured on an annual rate, was 2.5 percent, well below the planned level of 4.7 percent, Pravda said. The Soviet economy grew at an annual rate of 2.7 percent during the first six months, down from 3.4 percent for the corresponding period in 1981, according to government statistics.

The official press has not published detailed figures for the seven-month period, but the unusual Pravda article appeared to signal strong Kremlin displeasure over economic performance. The state-run press usually paints an optimistic picture of the economy and rarely criticizes individual sectors.

**Hint of Pessimism**  
While avoiding direct comment on the 1982 farm production, Pravda hinted that things were going badly, reporting that tractors, combines and other farm machinery were in worse repair than usual in crucial growing areas of Russia and Kazakhstan. Experts are predicting that the Soviet Union this year will have its fourth consecutive poor harvest.

While output of meat, milk and poultry was meeting expectations in some regions, Pravda said, many farms in the normally productive areas of the Ukraine, Kazakhstan, Estonia, Latvia, "and elsewhere were preparing livestock, poultry and milk at lower levels than previously."

Pravda said the lagging industries "had not taken measures needed to replenish shortcomings permitted at the beginning of the year."

"Enterprises of the electro-technical industry, and heavy and transport machine building, have let down affiliated organizations by not delivering goods called for by contract," it said.

### INSIDE

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- A major shift in the organization of China's Communist Party that would strengthen the controlling reformist bloc is predicted by Western diplomats. **Page 2.**
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## Police and Solidarity Backers Clash in Gdansk

**By David Storey**  
**Warsaw** — Rioting erupted Friday in Poland's northern port of Gdansk as police fired water cannons and tear gas at a crowd of about 10,000 persons demonstrating in support of the Solidarity independent trade union, witnesses reported.

The fighting broke out as underground Solidarity leaders in Warsaw circulated a call for new demonstrations against military rule at the end of this month.

Witnesses said that by mid-afternoon the security forces had the situation in Gdansk under control. They had sealed off many of the narrow central streets and were patrolling in armored cars and jeeps, the witnesses said.

The clash was the first reported outbreak of violence between Solidarity supporters and police since June. In early May, street marches turned into running battles between police and demonstrators in many cities. Sporadic outbreaks also took place in June.

The authorities have appealed for calm, saying disturbances now will upset tentative plans for the lifting of martial law by the end of the year.

Witnesses in Gdansk said more than 3,000 shipyard workers gathered after the morning shift to lay flowers at a monument to colleagues killed in riots in 1970.

After a brief confrontation with police, they began a march through the city, the witnesses said. The size of the group grew until it reached the local headquarters of the Communist Party.

Riot police surrounding the building reportedly charged the crowd, which was chanting slogans against the military authorities, "long live Solidarity" and "free Lech Walesa," the union leader.

Police fired tear gas and flares at the crowd and opened up with water jets, the witnesses said. Helmeted police with shields and batons then reportedly bore down on the demonstrators, causing them to flee down the narrow cobblestone streets of the port's old center.

They said about 50 or 60 youngsters wearing ski masks set up barricades of benches and planks and hurled stones at the police. A flare started a small fire near the railroad station but it was quickly brought under control, the witnesses said.

In Warsaw, several hundred people gathered in the central Victory Square around a floral cross that has become a symbol of opposition to martial law. When ordered by police to leave, the people raised their arms in a victory sign.

Police used two water cannons to scatter the people at the edges of the square, where they were charged by police.

There were several arrests but there were no reports of casualties from either Gdansk or Warsaw.

**Leaflet, Poster Campaign**  
The Solidarity leaders of Warsaw issued plans for a leaflet and poster campaign that they said should culminate in a large peaceful demonstration on Aug. 31. The appeal was dated Aug. 5.

The Warsaw leaders, headed by Zbigniew Bujak, Solidarity's chief in the region, called for the campaign to start Monday, the anniversary of the founding of an inter-factory committee in the Gdansk shipyards that negotiated a workers' agreement with the government in 1980.

The appeal was accompanied by a statement, from underground leaders in the southern city of Krakow calling for a same leaflet and poster drive and mass demonstration on Aug. 31. The date is considered important because it is the second anniversary of the signing of the Gdansk shipyard agreement, which opened the way for the setting up of independent free trade unions.

The demonstrations should start at 4 p.m. and last for two hours, the Solidarity bulletin said, and afterward a Mass should be celebrated in several churches "for the fatherland and for Solidarity."

Circulation of the appeal follows a call late last month by the national coordinating commission of the union for a renewal of a protest campaign that had been suspended during July.

The government has indicated through the official media that it is in no mood to tolerate breaches of martial law.

The Communist Party newspaper Trybuna Ludu, in a front-page commentary Friday marking the eighth full month of martial law, condemned "those who for months now have tried to fan the climate of unrest, mistrust and tension."

It added: "nothing can be achieved through adventure, through negation, through insane fanning of passions and hatred."

## Portugal Changes Its Constitution To Strengthen Civil Government

**Compiled by Our Staff From Dispatches**  
**LISBON** — Portugal's parliament has voted to change the country's Marxist-inspired constitution of 1976, abolish a powerful military oversight council, and put more power in the hands of the majority Democratic Alliance government.

With the vote Thursday, the ruling rightist alliance can now put through its plans to alter radically the country's economic system without direct military participation in the government.

Premier Francisco Pinto Balsemão has already announced a 26-point plan to cut back the large public sector, a legacy of Communist nationalizations in 1975. "We have now created the conditions for access by private enterprise to areas previously denied it such as banking and insurance," he said following the vote.

**Military Unit Scrapped**  
Throughout Portugal's first six years of democracy, the military Council of the Revolution, now abolished, had retained power to veto civilian-made laws and has rejected as unconstitutional four previous attempts to allow private banking.

The three parties of Mr. Pinto Balsemão's coalition, backed by three moderate opposition parties, pushed through the revised constitution by a vote of 195-40, much more than the required two-thirds majority in the 250-seat chamber, to wrap up months of bitter debate on the law.

Only the Communists and far-left Popular Democratic Union opposed the changes.

Under terms of the rightist coalition's deal with the Socialist Party to produce the needed majority, the clause making nationalization irreversible remains in the new constitution. But the government is no longer pledged to nationalize.

The government also assumes power over the armed forces together with a defense council still to be set up.

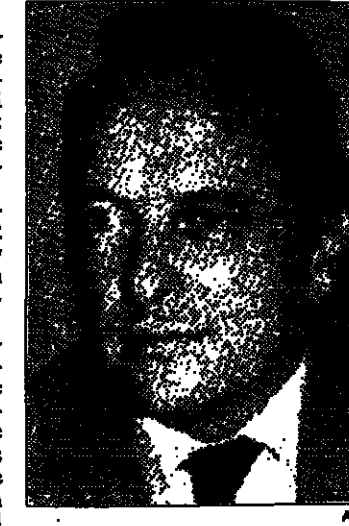
The biggest remaining question concerns the plans of President António Ramalho Eanes. In January, Gen. Eanes threatened to resign and form his own political party if his powers were curbed too radically. Although the curbs are not as great as his supporters first feared, the president's powers have been diluted.

The Soviet-aligned Communist Party, which fought a long battle against the changes with strikes and demonstrations, has labeled the move a "constitutional coup d'état" paving the way for a rightist takeover of the government.

"This revision has handed dangerous arms to reactionary forces, acting against democracy," Communist parliamentary leader Carlos Brito said during the debate in the Assembly of the Republic.

Under law, the new constitution goes to Gen. Eanes for his signature within 30 days. An outright presidential veto, or Gen. Eanes' failure to sign the legislation during the stated period, would send the document back to parliament for another vote, which also requires a two-thirds majority for passage.

With another 30 days' wait after final action, Portugal's new constitution is expected to go into effect sometime in October.



Francisco Pinto Balsemão

## U.S.-New Zealand Pact On Tax Goes to Senate

**United Press International**  
**WASHINGTON** — President Reagan Friday submitted to the Senate for ratification a treaty between the United States and New Zealand to avoid double taxation of, and tax evasion by, citizens of the two countries.

The White House also announced that Mr. Reagan sent to Capitol Hill a renegotiated fishery agreement between the United States and Spain to replace bilateral pacts that expire this year.



## WORLD BRIEFS

## Israel Says Costs in Lebanon Less Than in Previous Wars

By Edward Walsh  
Washington Post Service

JERUSALEM — War is never cheap, but Israeli officials say that the 10-week invasion of Lebanon has been far less burdensome than either the 1967 or 1973 Arab-Israeli wars and that they do not expect to ask for additional economic or military aid from the United States.

According to estimates by officials of the Bank of Israel, the government's central bank, the war has cost Israel \$1 billion in outright expenditures so far, much of it in expended bombs and ammunition, and up to \$500 million more in lost production time because of the mobilization of military reserve units.

Chafing under Western criticism of their methods and goals in Lebanon, the Israeli officials say they are convinced that this time Israel can pay its own way.

"If your readers expect to read

about the terrible economic burden Israel has to bear because of this war, they are in for a disappointment," Yikar Plesner, the deputy governor of the Bank of Israel, said in an interview. "It has been a burden, but not anywhere near prohibitive."

## A Lighter Burden

There are several reasons that this war — the longest that Israel has fought since the 1948-1949 war of independence — has imposed a lighter economic burden than the others, according to officials in Jerusalem.

For one thing, they note, this war was fought on only one front. Moreover, while Israeli forces clashed in the early days of the conflict with the Syrian Army and Air Force, the bulk of the fighting has been against the Palestine Liberation Organization guerrillas.

The Israelis have stressed the large amount of sophisticated weapons the PLO possessed, but

the fact is the PLO was never a match for the Israeli forces. The PLO had neither an air force nor a navy, nor were its ground forces at all comparable to the highly mechanized units of the Israeli Army.

As a result, Israel's losses of the modern and extremely expensive instruments of war have been negligible.

In 10 weeks of combat missions, the Israeli Air Force has lost one A-5 Skyhawk and one F-4 Phantom jet. These aging, American-built aircraft are being phased out of the Israeli arsenal and being replaced by F-15 and F-16 jets, which remained unscathed in the fighting in Lebanon.

Israel also lost two helicopters. Military officials have not disclosed how much other equipment was lost in the fierce tank duels with the Syrians in eastern Lebanon early in the war, but they are thought not to be unduly large.

In contrast, Israel's major equipment losses in the 1973 war totaled

105 aircraft and 800 tanks. The value of lost equipment alone equaled Israel's gross national product that year, according to Mr. Plesner.

The cost of the war in Lebanon is now about 7 percent of the Israeli GNP, he added.

## Without Desperation

The relatively light losses have allowed Israeli officials to look at the question of outside aid in political and ideological terms rather than, as was the case in 1973, as a desperate necessity.

"I think Israel would be stupid to request additional aid because of the war," Mr. Plesner said. "Obviously, this war is not particularly popular with the rest of the world. Since despite that fact Israel decided to execute the war the way we have, it is better to do it on our own strength."

The United States currently supplies Israel with \$1.4 billion in military grants and credits and \$785

million in economic aid, which goes into Israel's general treasury funds. For the fiscal year that begins Oct. 1, President Reagan has requested the same amount of economic aid and an increase in the military support to \$1.7 billion.

The war came home to Israeli citizens this summer in the form of higher taxes and sharp increases in the price of basic commodities — bread, milk, margarine, eggs, poultry and public transportation — as the government reduced its subsidies.

## Cutting Expenditures

Israelis are able to live with such price increases, because almost all wages in the country are indexed to the rising cost of living.

In addition to slashing subsidies, the Begin government is planning to cut other expenditures by about \$140 million. Last month it also increased the value added tax from 12 to 15 percent and imposed a se-

ries of relatively minor temporary taxes specifically to pay for the war.

But the most important element in the government's plan to finance the war is a "compulsory war loan." Under the measure, estimated to produce \$650 million, Israelis will have 4 percent of their gross incomes taken from them in the next nine months as an interest-free "loan" to the government.

The money is to be repaid over a 12-year period, but with inflation in Israel running at a 117 percent a year, its value at the end of the loan period could be negligible.

Israeli officials say they are confident that these measures will more than cover the costs of the war in Lebanon, which can be financed over a number of years. This, of course, assumes that the fighting around Beirut will end soon and that the Israelis will not encounter major new war costs in the months ahead.

## Iraq Admits Sinking 2 Freighters

LONDON — Iraq admitted Friday its forces sank two freighters, one Greek and one South Korean, that it mistook for Iranian warships. It declared a military exclusion zone at the head of the Gulf to prevent similar incidents.

Iranian ships rescued 58 crew members from the 15,000-ton Greek freighter Litos Baid and the 16,000-ton South Korean Sambow Banner, both sunk Monday during Iraqi attacks against Iranian naval targets. Eight men were reported missing from the South Korean ship, London shipping sources said.

In a similar development, the official Iranian news agency said Thursday that an Iraqi plane sent on a bombing mission to Iran bombed the Iraqi city of Zardabi and "inflicted heavy damage on its own forces."

## Fleet Street Union Leader Is Fined

LONDON — A Fleet Street union leader who called a 24-hour stoppage of national newspapers in support of striking hospital workers was fined, rather than imprisoned, for contempt of court Friday.

The ruling appeared to defuse a potential confrontation between unions and the government. The judgment occurred on the last day of a five-day campaign of sporadic strikes by 750,000 nurses and manual workers at 2,500 National Health Service hospitals, the pay dispute which prompted the Fleet Street sympathy walkout Tuesday.

Because the leader of the electricians union, Sean Geraghty, was fined £350 (\$595), instead of being jailed, a threatened strike was apparently averted. The unions, which prevented nine papers from appearing Wednesday, had said they would halt all publication if Mr. Geraghty was sent to prison.

## West Berlin Marks 21st Year of Wall

BERLIN — West Berliners placed wreaths and flowers at the Berlin Wall Friday to mark its 21st anniversary, as East Germany strengthened its barriers by building more concrete walls along the East-West German border.

West German border authorities at Coburg, 63 miles (100 kilometers) north of Nuremberg, said that the East Germans were building a wall 12 feet (3.5 meters) high around the border village of Gersdorf and another a few miles away at Heidesdorf.

West Berliners paid tribute to 180 persons who have died at the wall since its construction began Aug. 13, 1961, laying wreaths at places along the 102-mile (165-kilometer) barrier and holding a memorial service at the spot where Peter Fechter, 18, was killed by gunfire in 1962.

## Suzuki Sets Book Dispute Deadline

TOKYO — Premier Zenko Suzuki Friday gave his foreign minister and education minister a week to resolve a dispute over the rewriting of wartime history in school textbooks.

Two Japanese government officials returned Friday from Peking and told Mr. Suzuki that China took a firm and severe view of the textbook changes, which play down Japanese aggression and atrocities up to and during World War II. The officials had gone to Peking in an effort to end the controversy before Mr. Suzuki's scheduled trip to China next month.

After hearing their report, the premier told Foreign Minister Yoshio Sakuruchi and Education Minister Heiji Ogawa to solve the problem within a week. The textbook issue has also caused friction between Japan and North and South Korea.

## Cleric Calls For Ghothzadeh's Death

LONDON — Sadeq Ghothzadeh, the former Iranian foreign minister, should be swiftly tried and executed for his role in a plot to overthrow Iran's clerical regime, Ayatollah Sadeq Khalkhali said Friday.

Speaking in a telephone interview from Tehran, Ayatollah Khalkhali, who has ordered the execution of hundreds of people as head of the revolutionary courts since the 1979 revolution, said, "If I were the judge, I would sentence him to death after a one-minute trial."

Mr. Ghothzadeh, accused of masterminding a plot to kill Iran's spiritual leader, Ayatollah Ruhollah Khomeini, will go on trial Saturday at Tehran's top-security Evin prison. Shortly after his arrest in April, Mr. Ghothzadeh confessed to his involvement in the plot in an interrogation broadcast on Iranian television.

## Rival Gangs Clash at Naples Prison

NAPLES — Hundreds of police were called to the Poggioreale prison Friday to break up a battle between rival Camorra crime gangs. Police said at least three prisoners were wounded — one shot and two stabbed — and another was treated for shock.

Roads around the prison were sealed off while about 100 Carabinieri and 200 police moved in to quell the fighting, police said. According to first reports, about 300 prisoners belonging to rival gangs started fighting in the exercise yard and later barricaded themselves in their respective wings of the prison.

The prison has recently been the scene of protests, officially against overcrowding. But judicial sources say an underlying motive is protest against the transfer of Camorra inmates to remote prisons in Sardinia.

## N.Y. Board to Return Banned Books

LEVITTOWN, N.Y. — The board of the Island Trees Union Free School District, whose banning of nine books from school libraries nearly seven years ago touched off a national controversy, voted Thursday night to return the books to the shelves.

But the board said in a formal statement that librarians would be required to send notes to parents whose children check out the books in the four Nassau County communities it covers. The board's removal of the books, which include "The Fixer" by Bernard Malamud, which won the Pulitzer Prize for fiction in 1967, and "Slaughterhouse-Five" by Kurt Vonnegut Jr., had been challenged by five students.

In June, the U.S. Supreme Court ruled that a trial was warranted to determine whether the board's action had violated the students' First Amendment rights to freedom of speech. In its statement, the board indicated that it was seeking to avoid a trial and to end a controversy that had been divisive in the largely white and middle-class district and overshadowed other school-district business.

## Nkomo to Discuss Zimbabwe Security

HARARE, Zimbabwe — Joshua Nkomo will confer this weekend with his opposition party, the Zimbabwe African People's Union, on ways of reducing racial and political tensions in southern Zimbabwe, party sources said Friday.

Mr. Nkomo will report on his talks last week with Prime Minister Robert Mugabe about the worsening security caused by banditry and armed attacks by political dissidents, the sources said. They said he might soon announce a tour of the south to persuade his supporters not to aid bandits and dissidents.

## Kenya Detains Parliament Member

NAIROBI — An outspoken member of Kenya's Parliament has been detained under government security laws, the first serving politician to be held in a series of arrests that began in June.

The government announced Friday that Michael Koigi Wamwere had been detained, as had a university lecturer, Willy Matunga, who is awaiting trial on charges of possessing seditious literature. No reason was given for their detention. This brings to nine the number of persons being held without trial. One of them is George Anyona, a former member of Parliament.

Compiled From Agency Dispatches

## U.S. Diplomats Say Philippine Communist Army Gaining Strength

By Caryle Murphy  
Washington Post Service

WASHINGTON — Military abuses, an economy going from bad to worse and chronic neglect of rural areas by the government of President Ferdinand Marcos are fueling a growing Communist guerrilla movement in the Philippines, according to an internal State Department assessment by U.S. diplomats.

While the growth of the New People's Army, the armed wing of the Communist Party of the Philippines, cannot challenge the Marcos government significantly at this stage, U.S. officials are concerned about its "slow but steady" growth in rural areas of the southern island of Mindanao, where "present circumstances are not encouraging, and the future is ominous," according to the report, a confidential cable written by the consular officer in Cebu and sent here through the U.S. Embassy.

"On the surface it appears that peace and order in that area [of Mindanao] is more prevalent than at any time in the past several years," the account said. "However, ... various local observers, civilian and military, suggest that this might only be the lull before the storm(s)." The report was dated last April and written after the author toured much of Mindanao.

The report was obtained from the Congress Task Force on the Coalition Against the Marcos Dictatorship and Counterspy Magazine, which said it had been leaked to them by State Department sources. The coalition is a Washington-based lobby of Philippine nationalists who live in the United States.

A State Department official declined comment on the substance or authenticity of the report, but said, "This has got to stop. This is ridiculous. This is a serious breach of security."

## Marcos Due in U.S.

The pessimistic assessment of conditions in the Philippines, where more than 15,000 U.S. servicemen are stationed, comes as the Reagan administration prepares to welcome Mr. Marcos to Washington next month on his first U.S. visit in 17 years. The administration is seeking to improve

relations with the United States' most important ally in Southeast Asia.

The Carter administration had been cool to Mr. Marcos because of alleged human rights violations and official corruption that also brought an embarrassing public rebuke from Pope John Paul II when he visited the Philippines in 1981.

Mindanao has been the site of a battle between government forces and a Muslim secessionist group since 1972. Last year the tide turned in favor of the government, largely as the result of a successful amnesty program that rewarded Muslim insurgents for turning themselves in, the U.S. report acknowledged.

But in 1981, the Philippine Army found itself threatened by the New People's Army, with a hard core of 950 to 1,300 armed men and thousands of sympathizers. The New People's Army emphasizes the economic hardships of the peasants and the lack of government concern rather than ideology. In some areas, notably San Vicente, the rebel army has "become more important than the local government," the report said.

## Military Abuses

Military lawlessness was cited as another reason for growing sympathy for the guerrilla movement. Although abuses decreased in areas where tension between the army and rebels had diminished, they had increased in areas where the rebel army has been active, the report said. The author cited reports of indiscriminate killings of civilians by soldiers and kidnappings in which the military is believed to have been involved.

The New People's Army also reportedly is using "a low level of deliberate terrorism, particularly executions of erring officials or civilians" to instill its influence in some areas, the report said.

The largest of the southern islands in the Philippines, Mindanao has been hit hard by the world economic slump. "A general consensus among the area's business and professional people indicated that the major reason for NPA successes is the poor economy," the report said. And it said they predict "that the economy will get even worse before it gets better."



Children from the Sabra Palestinian camp wait for clothing on an outdoor basketball court at the Alex Manguian Center in Beirut. Twenty-seven children were evacuated from the Islamic Home for the Aged after three children had starved to death.

## Israel Expects PLO Evacuation Next Week

(Continued from Page 1)

Israel Thursday continued Friday over Defense Minister Ariel Sharon's demands for sustained military action against the guerrillas trapped in West Beirut.

Opposition party leaders called on Mr. Sharon to resign, saying he no longer enjoyed the confidence of the government.

## Sharon Outvoted

The Cabinet at a special meeting Thursday outvoted Mr. Sharon to order a halt to the fighting in Beirut unless the guerrillas fire first. Israel state radio said any future air attacks would require Cabinet approval.

But Mr. Sharon, regarded as the

architect of the Lebanese invasion, brushed aside the demands, saying he did not intend to resign.

At a parliamentary committee meeting Friday, he defended the military actions in Beirut.

"The terrorists went on stalling until we showed them they must get out or face a battle with our forces," he reportedly told the committee.

Mr. Sharon disclosed that he had made a secret trip to Beirut in January to study PLO defenses before the invasion. In a U.S. television interview shown Friday, he said he had subsequently advised against storming West Beirut but recommended that Israel should

emphasize negotiations for the PLO's withdrawal from Lebanon.

About 10 members of the Group Against Silence completed their first week of a hunger strike Friday in protest of the war in Lebanon. The group, which initially numbered 15, has been standing silently outside Mr. Begin's office. They said they would continue until Israeli forces leave Lebanon.

## Schmidt Criticizes Israel

BOON (Reuters) — Chancellor Helmut Schmidt accused Israel Friday of killing civilians at random in the bombardment of Beirut.

"I have fought to prove that the opposite is true. There is certainly less anti-Semitism in our country than in numerous other states," Mr. Schmidt said.

But he added, "The synagogue bombing and restaurant shooting 'demonstrate a will to import terrorism into France.'"

Simone Veil, former president of the European Parliament, said: "An admirably orchestrated campaign is denouncing the so-called climate of anti-Semitism in France."

"I have fought to prove that the opposite is true. There is certainly less anti-Semitism in our country than in numerous other states," Mr. Schmidt said. "The synagogue bombing and restaurant shooting 'demonstrate a will to import terrorism into France.'"

Another Paris Shooting  
PARIS (UPI) — A terrorist in a car fired a shot that missed a policeman on guard outside the Turkish tourist office on the Champs-Elysees, police reported Friday.

The 22-caliber bullet made a hole in a shop window in the incident late Thursday evening.

On Friday there were also reports of numerous bomb threats, including one at a Paris train station. More than 600 Mobile Guards, a paramilitary security force, and police officers were moved from provincial towns into Paris Thursday and Friday to help protect vulnerable buildings, chief of police said.

## 37 Million in Spain in '81

MADRID — Spain's population last year was 37,746,260, made up of 19,216,496 females and 18,529,764 males, according to official figures published recently.

## Envoys Say Chinese Party Is Likely to Abolish Politburo

By Michael Weisskopf  
Washington Post Service

PEKING — China's Communist Party is likely to scrap its ruling Politburo as part of a major reorganization at the West since 1978, has long sought to get around the aged and conservative Politburo, the party's supreme policy-making unit that has responsibility for day-to-day operation of the huge Communist apparatus.

Foreign analysts say that Mr. Deng will finally succeed at the party congress in neutralizing his Politburo opponents with a plan to abolish their jobs. Under his proposal, Politburo members would be placed on a new council of advisers that would give them stature as party elders while removing them from active duty.

## Politburo's Power

The 24-member Politburo's power would be shifted to another party unit, known as the Secretariat, at which Mr. Deng had reconstituted in 1980 to take over some of the party's administrative work.

Analysts said the Secretariat would be enlarged by the appointment of Mr. Deng's allies and would be headed by the party chairman, Hu Yaobang.

If Mr. Deng's plan is adopted, the posts of party chairman and deputy chairman would be abolished and the party would thus be organized along the lines of the Soviet Communist Party, which vests power in the Secretariat.

Mr. Hu would remain the high-

est-ranking party leader but with the title of secretary-general.

According to Chinese and foreign sources, Mr. Deng, 78, agreed several months ago to move into semi-retirement as part of a deal to remove his Politburo foes from active leadership roles. Mr. Deng is expected to give up his post as deputy chairman to head the new advisory council.

However, Mr. Deng, who is the prime political mover in post-Mao China, is expected to retain his influence through the protégés he has skillfully placed in top leadership roles both in the party and government.

These officials include Mr. Hu, Premier Zhao Ziyang and others. "Deng will be the big boss until he dies," an East European diplomat observed.

## Retiring His Enemies

By retiring his conservative enemies, Mr. Deng would also remove possible obstacles from the path of his personally groomed successors, who lack the prestige and organizational muscle of the veteran officials.

## Bolivians Protest Transport Strike

LA PAZ — About 20,000 demonstrators marched through the streets of Bolivia's capital Thursday, calling for an end to a 10-day-old national transport strike.

"Down with the monopoly transport workers, down with the new rich," chanted the students, workers and housewives organized by neighborhood groups. There was no reported violence during the two-hour demonstration, although the marchers at one point broke through a police cord.

Bus and taxi drivers across the country have been on strike since Aug. 3, demanding fare increases of more than 150 percent. The government on Thursday gave the workers until midday Friday to return to work or "face the consequences."

## California Seems To Have Won Its Fruit Fly Battle

The Associated Press

SAN FRANCISCO — California apparently has won its two-year, \$25-million war against an invasion of the Mediterranean fruit fly that threatened billions of dollars in fruits and vegetables, officials said.

Now that a period equivalent to four full fruit fly cycles has passed since November, when the last fly was found in the 1981 infestation area, "We can't think anything else," Dick Jackson, an entomologist for the U.S. Agriculture Department and deputy director of the fly eradication project, said Thursday.

The state Agriculture Department estimates that the bill to eliminate the pest will be \$95 million by the end of September, when an official declaration of eradication will be issued if two areas that reported flies earlier this year find no more of them.

Nearly 1,500 square miles (3,900 square kilometers) was subjected to aerial application of the insecticide malathion, and 4,000 other square miles of state land were under quarantine. Japan, the top market for California citrus, refused to accept unfumigated crops from most areas, a restriction that was lifted only in May.

By Edward Schumacher  
New York Times Service

BUENOS AIRES — Two months after Argentine forces surrendered to the British on the Falkland Islands, this nation appears to have all but forgotten its nearly 11,000 war veterans.

It has done little to eulogize its 600 dead or console its 1,300 wounded. There have been no medals awarded to any survivors. Few veterans' benefits are available. And the Army is still studying the matter of compensating those who suffered crippling wounds.

The psychological effects on many of the soldiers, most of whom were teen-agers drafted for the cause, have been apparent since the day they came home from the 10-week war, according to psychiatrists.

The psychiatrists say they have detected parallels in the reception received by U.S. veterans of the Vietnam War, but have found that

the Argentine experience is worse in many ways. This country is sadder, the war was closer, and the cause, however brief, was more nationally heartfelt.

## Blamed for Defeat

"Instead of being received as heroes, they are told the defeat was their fault," Humberto Mesones, a psychiatrist doing volunteer work in military hospitals, said in an interview.

The draft here is democratic, an honest lottery, but the assignments afterward are not. Many of the white sons of the middle class draw office jobs. But most of the fighting men for the Falklands war were one-year conscripts from poor and working-class families.

Without a war tradition to draw on — the Falklands was Argentina's first war in this century — many of the young men went not knowing what to expect and came back shell-shocked and traumatized. Psychiatrists and parents re-

port that many of the veterans are plagued by nightmares of British shelling and of comrades being killed or mutilated. One survivor of the torpedoed cruiser General Belgrano committed suicide.

The cold shoulder that the veterans have received has been part of the larger mood of a defeated country trying to forget the war altogether. Renewed concern about the economy, with its growing recession and triple-digit inflation, has replaced the Falklands and its subject overhead in buses, on elevators, and along this city's busy streets.

## Shame of Defeat

"People are not talking about the Malvinas (Falklands) and its consequences because they feel shame," former Foreign Minister Oscar Camillion said in an interview.

At a recent mass for the surviving veterans, the officiating minister compared the ordeal of the

Argentine prisoners-of-war following their surrender to the ordeal of Christ bearing the Cross. The pews were half-empty. Only one television crew was present inside the church.

A Navy officer, standing on the almost empty steps of the church after mass, shrugged and said, "It appears that we have been forgotten."

There have been some small gestures of support. The city of Buenos Aires recently announced that veterans of the war would be exempt from city taxes for the next five years. The army also awarded a week's leave to each of the soldiers who fought on the Falklands.

But the lack of concern for the veterans is seen in many ways. There have been no hometown dances and ceremonial barbecues. There is not one national war hero, not even among the daring pilots who fearlessly attacked Britain's superior fleet.

Many Argentines contend they

were misled by the military to expect victory. They question now whether the government should not have been more conciliatory in negotiations with Britain in the early weeks of the crisis.

If there is any public emotion it is anger against the military, an anger enhanced by returning soldiers' tales of food and ammunition shortages, and some cowardly officers.

The Argentine commander on the islands, Brig. Gen. Mario Benjamin Menéndez, and a number of other senior officers who fought on the islands have been relieved of their posts while a commission of five generals conducts an inquiry into the war.

But many of the conscripts remain confused and anguished. Juan Guerrero, 18, who fought on the islands with the Air Force, recently told Argentine reporters, "Maybe I was a bad soldier. I don't know. But I need somebody to tell me what we did wrong."

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# Herald Tribune

Published With The New York Times and The Washington Post

## Sharon and the Cabinet

From THE NEW YORK TIMES

Israel's defense minister, Ariel Sharon, is a gifted soldier, a blunt politician and a disarming diplomat. It is not the FLO but a near-unanimous Israeli Cabinet that now accuses him of sabotaging the peace effort in Lebanon, acting without approval and damaging Israel's image abroad by unleashing Thursday's ferocious attack on West Beirut. What is Sharon doing to himself?

Those air strikes and the Israeli advance into northern Lebanon seemed calculated to disrupt, just at the point of success, the intricate peace negotiations of President Reagan's envoy, Philip Habib. This was no small affront to Israel's American supporters. For the first time, an outraged Mr. Reagan is saying out loud what he has confided in private correspondence with Prime Minister Begin — that United States support may be firm but it is not unconditional.

If Sharon behaves as if he alone is judge of Israel's interests, some part of the responsibility attaches to Menachem Begin. The prime minister has repeatedly strained the difficult partnership with the United States, whether by authorizing the bombing of Iraq's

nuclear reactor or by promoting settlements on the West Bank. His style is studied intransigence to his opponents. Now his defense minister applies the same style to dealing with his own government.

Israel has had no prouder claim than its record as a flourishing democracy committed to humane values. "Every soldier is a civilian," goes the adage, "and every civilian is a soldier." Israelis have dismissed as absurd any suggestion that a country meant to be the Athens of its region could become a Prussia. Indeed, Sharon was denied the job of chief of staff because of his insubordination as a field commander in two previous Israeli wars.

Sharon has again struck out on his own in the Lebanon siege, ignoring his Cabinet colleagues if not his prime minister. He succeeded in outraging even hard-line Cabinet members. Over his objections, a halt has been ordered to the Beirut bombings and his authority has been restrained. But not before much has been put in jeopardy, most importantly the complicated Habib disengagement plan. Sharon knows how to make war; he should no longer be allowed to dive-bomb the peace.

## Salesmen in Uniform

From THE WASHINGTON POST

Frank Carlucci, the U.S. deputy secretary of defense, has now instructed the military services to get busy and help sell American fighter planes to foreign governments. The idea is, apparently, that salesmen in uniform are more effective than mere civilians working for the aircraft company.

It is not enough to let foreign nations know what the new fighters can do. "We must go further," he has written, "and actively plan with the nations for sensible acquisitions."

The Carlucci order strengthens the impression that this administration is rapidly losing any sense of proportion in all questions of weapons sales abroad.

To thrust this salesman's job onto the services requires an unwholesome blurring of distinctions between military responsibilities and commercial favors for private companies. It is bad enough to allow the two to become confused in the minds of foreign officials dealing with American military officers. It is worse to encourage that confusion in the officers' own minds.

That line, it is hardly necessary to say, has occasionally been badly blurred in the past — and those experiences testify to the risks. You would think that the Reagan administration might remember, in particular, the AWACS imbroglio last year.

That originated in a suggestion by overzealous Air Force generals to the Saudis about the desirability of having their own AWACS planes. When the Saudis began

pressing the idea in Washington, the Israelis bitterly protested that the planes and their radars would constitute a dire threat.

At that point, the actual military capacities of the planes became irrelevant. As is customary in these affairs, it became, for both governments, a test of which of them the United States would accommodate in preference to the other. That is a wrenching war for the United States to conduct a foreign policy.

Mr. Carlucci's instructions, incidentally, identify 11 countries as promising prospects, measured in terms of their sense of danger, their ambition and their ability to pay. Six of the 11 are in the Middle East, where there are two wars in progress.

Mr. Carlucci may recall that a succession of Defense Department officials, through most of the 1970s, justified the sale of a fleet of F-4 Phantom fighter-bombers to Iran on grounds that it was necessary to guarantee the stability of the Gulf region. The Iranians currently seem to be getting good mileage out of their Phantoms.

The Carlucci order is evidently intended to do a favor to one company in particular. The Northrop Corp. has invested heavily in a new fighter, the F-5G, now in production, for which it has no buyers in the United States or abroad so far. Mr. Carlucci seems to think that the military services ought to give Northrop a little help. But he is offering more than he, or anyone in the Defense Department, ought to deliver.

## Farewell to Fonda

From THE NEW YORK TIMES

Henry Fonda had a distinguished stage career, but for most Americans he is indissolubly linked to the movies. Like Tracy, Gable and Bogart he was the stuff of a thousand Saturday nights at the Bijou, and the emblem for a certain kind of American male.

Fonda's American male was awkward with women, honest as the day is long and blessed with the same innocence that guards fools, drunks and angels.

If he was shrewd he was never tricky, if he was cantankerous he had cause.

Whether he was or was not the real Henry Fonda is irrelevant. On screen, the shadow is the substance.

The shadow that Henry Fonda chose to cast became familiar to three generations.

In 1935 a remarkably handsome young man made his first film, "The Farmer Takes a Wife." Forty-seven years later a fragile old man received a well-deserved Academy Award for his last one — "On Golden Pond."

Few actors have been so generous with their gifts, even fewer have been lucky enough to have them in demand so long. Many performers are talented, but Mr. Fonda, and a handful of legendary others, also possessed the magic that weds an audience to an actor for life.

Thanks to film, that life endures.

Go to the movies, turn on a television set, and there they are. The young Abe Lincoln. Tom Joad. Mister Roberts. The man we wish lived next door.

## Other Editorial Opinion

### Reagan's Tax Stance

President Reagan's reluctance up to now to make the unpleasant decisions required to cut the budget deficit has had extremely damaging consequences at home and abroad. So it is encouraging that he is now giving his support to a measure that is before Congress to increase company and indirect taxes over the next three years.

He is nonetheless pressing ahead with his program of personal tax cuts. The studies of increasing taxes in one area and cutting them in another will not easily be appreciated by an American electorate that is becoming more and more disturbed by the state of the economy.

That he should nonetheless be prepared to run the risk is an indication of how seriously he now regards the budget deficit.

It encourages the hope that this will be the first step in a process that will lead to

substantially lower deficits over the years to come.

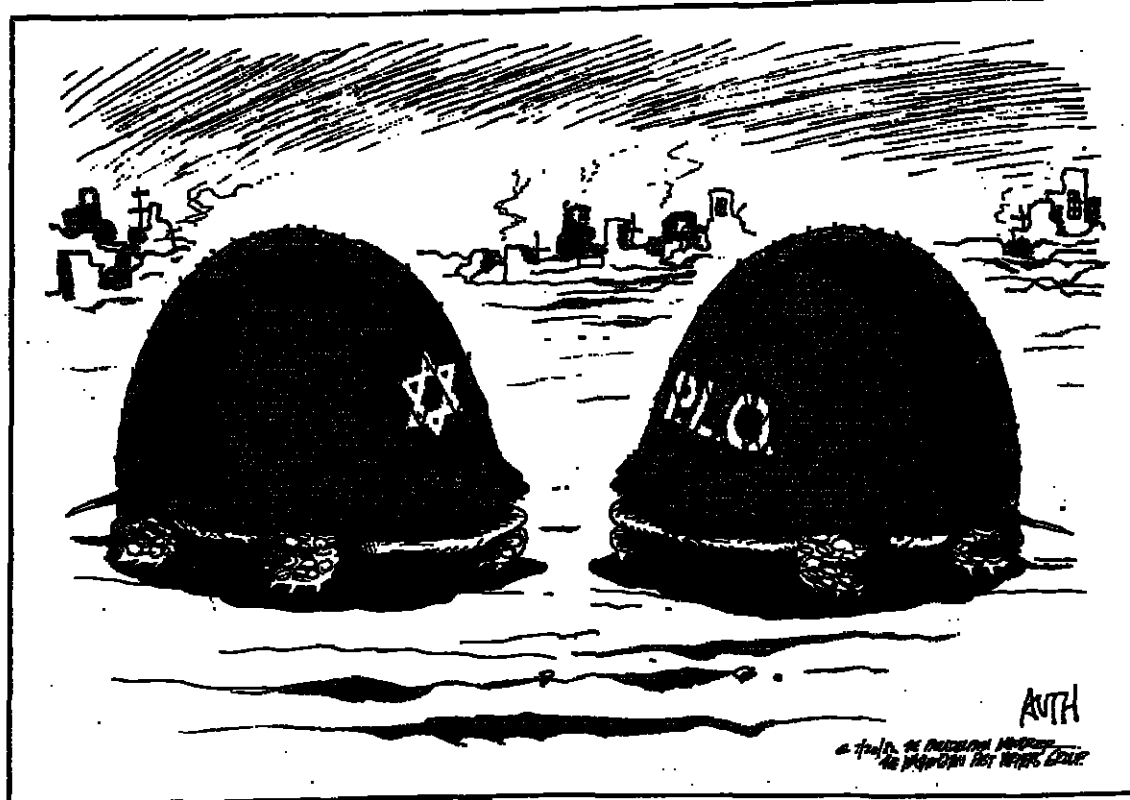
— *The Times (London).*

### 'Angry Resignation'

Some 29 months hence, unless an unforeseen miracle occurs, the Reagan administration will have drawn inchoately to a close. Europe, then, will still be living cheek by jowl with the East, and seeking a consistent policy. Russia, too, will have weathered this or that flea-bite sanction and be anxious afresh to perceive the outlines of Western approaches. It is not necessary, even with Mr. Reagan, that the coming two years be written off.

But in Bonn and Paris and London, as well as in Moscow, an air of angry resignation is manifest. The threat and the challenge may come from the East. But the exasperation and the ineptitude seem to come most damagingly from the Far West.

— *The Guardian (London).*



## U.S. Overtures to Southern Neighbors

### White House Seeks Closer Ties to Chile's Military Rulers

By Kenneth Freed

SANTIAGO — Reagan administration officials have been making pilgrimages here recently, seeking better relations with Chile and hoping to find grounds to support a decision to resume arms sales to the hard-line military dictatorship of Gen. Augusto Pinochet.

The process raises questions both about the need for improved relations and the U.S. commitment to seek decent human-rights practices by rightist, anti-Communist governments.

The administration has sought to redefine U.S. dealings with military regimes in South America, particularly toward ending the isolation imposed on Chile by the Ford and Carter presidencies. This is being done in the name of stability in the southern half of South America and because of the perceived need to strengthen anti-Communist governments.

But to create a new climate, the Reagan administration must first remove congressionally imposed restraints on bilateral ties, particularly on arms sales, suspended since 1976.

There are two major obstacles to turning Congress around. First is the question of human rights. Chile has

been judged a major violator of human rights since Pinochet took power in the bloody 1973 overthrow of Salvador Allende, the elected Marxist president. U.S. law prohibits arms sales to a number of countries — and Chile is on the list — unless the president certifies that the country in question has made significant progress in human rights.

The second obstacle to better relations is the case of Orlando Letelier, a former Allende foreign minister and Pinochet foe who was assassinated on the streets of Washington in September, 1975.

According to the U.S. Embassy, abuse of human rights under the Pinochet government has decreased considerably, particularly over the last two years. "Disappearances" of citizens at the hands of government agents have all but ended, embassy officials contend, and reports of torture have decreased.

Some cautious opposition has even developed in the local press. Even human-rights groups acknowledge that the current climate is less severe than during the 1973-1978 period.

But Chile is still far from a happy

place. The ban on political activity remains, as evidenced by a phone call Pinochet made to a leader of the Christian Democrat Party, the major opposition party still maintaining a semblance of structure.

"He told me that recent statements by some of us were getting out of hand," the Christian Democrat said in an interview. "He didn't threaten me outright, but he made it clear that it shouldn't happen again."

He said the call reminded him of what happened to four other Christian Democrats last year when they tried to talk to visiting American officials. All four were exiled.

The Pinochet regime also practices "internal exile," a system under which the government sends dissidents to camps in rural areas.

Even though the Chilean press can mildly criticize the government's economic policies, political criticism is unacceptable. Nor can local editors run stories casting aspersions on Pinochet or members of his family.

And, of course, Chile remains a military dictatorship, a fact underlined in unobvious ways: Police and soldiers, armed with submachine guns, stand on street corners, and there is a night curfew. A state of siege is still in effect, though anti-government terrorism has been virtually eliminated.

Then there is the Letelier case. Pinochet has flatly refused to move on the matter, and it seems the Reagan administration may be nearing acceptance of the extradition requests as a lost cause.

In total, the administration position comes down to this: What was done was done. Pinochet is not doing it anymore, so let's get on with better relations.

The question is, do you forget the past? The hardheaded, Realpolitik answer would be, yes, particularly if it serves U.S. national interests. But do improved relations with Chile truly serve American national interests at this time?

As small and isolated as it is from strategic world areas, Chile does not play much of a role in global politics. The strategic minerals it holds can be obtained elsewhere. The argument that it needs American arms to guarantee stability in the region is not persuasive since there is no current Communist threat to the area.

In fact, a fast-reforming Chile could lead to destabilization of the area, because Santiago's traditional enemies, neighboring Argentina and Peru, would see it as a threat.

One diplomat said he understood the Reagan administration's thinking, but called it short-sighted. "You can make friends with Pinochet and get his support for what it is worth. But you should take a lesson from the past. These governments don't last and they are almost always replaced by people who remember you and hate you for the support you have given to the dictators."

Los Angeles Times.

## Argentina: From Pariah to Strategic Ally

By Jeff Nesmith

WASHINGTON — In the past few weeks, State Department officials have been quietly making the rounds on Capitol Hill, trying to convince skeptical committees that now is the time to increase assistance to Argentina, the time to resume military sales.

The testimony is carefully drafted in State Department generalities. But despite itself, it is evidence of how careless is the government's policy toward Latin America.

Reagan, former Secretary of State Alexander Haig and United Nations Ambassador Jeane Kirkpatrick, for all the ways they were able to disagree, appear to have been in genuine agreement on the basic points of hemispheric relations.

Before the 1980 election, Reagan and Kirkpatrick reveled in ridiculing President Carter's policy toward Latin America, a policy that relied on the influence and goodwill of the so-called Andean democracies, Venezuela, Colombia, Ecuador, and Peru, while it avoided friendly involvement with the Southern Cone dictatorships in Paraguay, Uruguay, Chile, and, especially, Argentina.

"Patricia Derian (assistant secretary of state for human rights) and her minions in Carter's human rights office are making a mess of relations with the planet's seventh-largest country, Argentina, a nation with which we should be close friends," said a column syndicated to newspapers in 1978 under Reagan's name.

Mr. Kirkpatrick, in the now-famous Commentary article that reportedly got her the UN ambassadorship, accused the former administration of failing to take into account the "fragility" of Latin societies, of turning a cold, puritanical shoulder on governments besieged by leftist terrorism.

She was particularly angry about the Carter administration's refusal to back the crumbling Somoza regime in Nicaragua. And she ridiculed the Carterites for their outright opposition to a bloody military coup that overthrew Bolivia's elected government in 1980.

"Even five years ago, the U.S. would have welcomed a coup that blocked a government with a significant Communist-Castroite component," she wrote.

The writer is national correspondent for Cox Newspapers.

"Ten years ago, the U.S. would have sponsored it. Fifteen years ago, we would have conducted it."

Once in office, the Reagan administration worked hard to improve relations with Argentina's military rulers. Overnight, Argentina went from pariah to strategic ally. Military men and diplomats beat a fence-mending path to the planet's seventh-largest country.

The president of Argentina, a military dictator whose government has presided over the "disappearance" of 15,000 or more of its citizens, was the second foreign leader invited to the Reagan White House.

The most immediate result of all this courtship is no longer news. Encouraged that the United States would at least be "neutral" in the matter, Argentina's generals invaded territory claimed by the U.S.'s closest ally.

Nor is it news that Argentina and other Latin American nations are unhappy about the U.S. role in the Falklands crisis.

This is the news: Testifying before the House Foreign Affairs subcommittee on inter-American affairs the other day, Assistant Secretary of State Thomas Enders said: "During the South Atlantic crisis, our ties with Argentina proved too weak to promote effective cooperation in support of common interests."

Now is the time to work on those ties, he said. The administration will try to get Congress to relax the ban on arms sales to Argentina and approve "greater military access and communication with countries like Argentina," Enders said.

In other words, more of the same old stuff.

One would have hoped the Falklands crisis had taught the State Department. Mrs. Kirkpatrick, and the president something that Carter and Patricia Derian and her minions in Carter's human rights office already knew: Dictators do not make very good allies.

The same was true five years ago and 10 years ago and 15 years ago.

## Watchtowers Along the Pipeline

By Leopold Unger

BRUSSELS — The derricks at the gas fields of Urengoi and the work sites for the Siberian pipeline will be greater than any that exist and are more important for the future of the Soviet Union than all other current projects. But they will have one thing in common with all the other "great labors of Communism."

There will be watchtowers around the derricks, and the pipeline heading for Western Europe will cross many a line of barbed wire. Today, 100,000 prisoners are at work on the project, 10,000 of whom are political prisoners.

The International Human Rights Association, based in Frankfurt, has sent documents proving the use of prisoner labor on the pipeline to all the heads of governments of the nations that will be receiving the Siberian gas. The association is not asking these governments to withdraw from the project — violation of human rights never has been enough of a reason to withdraw from a project — but to "pressure the Soviet Union to guarantee that the pipeline will be built by free labor, under normal pay and working conditions."

And this is specifically out of the question. The documents drawn up for the association by Yuri Belov, who slaved as a Zek — a prisoner of the Gulag Archipelago — for 15 years, explain why. The documents point out that there are eight labor camps involved in the construction of the pipeline, one of the worst of which is for women, and all are in the Yamal region, the site of the world's greatest natural gas field.

The governments of West Germany and France say that they have asked their embassies in Moscow to investigate these allegations, adding

that they are surprised that prisoners would be used on the pipeline work.

This very surprise is somewhat curious. And if the revelation by the human rights association was not that big a surprise, the reaction of the Western governments appears a bit too nonchalant.

Any idea of an independent investigation in the Soviet Union is proof of either naiveté or cynicism. There is no chance such an investigation could take place.

No Soviet official or journalist would dare answer questions about prisoners on the pipeline except to respond as Tass did, calling the accusations "dirty lies."

Yet, what the human rights association has revealed is nothing new for the Soviet Union. Criminal or political prisoners have been used as forced labor since the Bolshevik Revolution. The first labor camps were set up by Lenin and later transformed by Stalin into a national industrial force.

Since the digging of the White Sea Canal, during which 1,000 prisoners died each day, and including other major projects such as the Trans-Siberian Railroad, the Moscow subway, the gold mines of Kolyma and the Vorkuta Railroad — known as the hell of the Gulag — the Zek has been the common denominator, the infinite source of labor.

This has been particularly the case for all projects undertaken in the frozen north.

The Samizdat Review, published in Brussels, has just printed a fourth edition of its Who's Who in the Gulag. The list is made up of 848 names of

political prisoners and contains information on the labor camps, including the fact that a number of these camps are close to the path of the pipeline.

Yuri Orlov, who was sentenced in 1971 to seven years in the Gulag and five years of internal exile for his activities in the Soviet Helsinki Surveillance Committee, has smuggled to the West a report on Soviet prisoners.

According to Mr. Orlov, who is in a camp in the Perm region, near the pipeline's path, about 5 million persons are currently working under forced labor conditions in the Soviet Union. And the working conditions, as well as the food and housing, are unspeakably bad.

The use of forced labor is only one aspect of the Siberian gas contract. Despite double pay for civilian workers, Moscow has had few volunteers and has had to call on workers from abroad, particularly Vietnam, and on the labor of prisoners.

Sen. William Armstrong, the Colorado Republican, asked on June 18 that the Senate look into "reports that the dangerous work done on the pipeline is left up to the inhabitants of the Gulag Archipelago."

It is, of course, no coincidence that the documents released by the Frankfurt human rights group should be meant to demonstrate that the Siberian gas pipeline deal is not a simply commercial affair. And it is just as certain that ethical considerations about forced labor will not suffice to override the economic advantages of the project.

Realpolitik, as we have seen in Afghanistan and in Poland recently, has no room for pondering over man's inhumanity to man.

International Herald Tribune.

## Terrorism in France: The Spreading Poison

By Flora Lewis

PARIS — The accelerating series of attacks here have led the French to ask whether their capital has become the new home of international terrorism, and if so, why?

Even the question shows what an emotional, messy explosion of policy, politics and prejudice the murders have set off. There is nothing simple about the issues involved. And if there is a key lesson, it is that in the tortured modern world wars can wound and evasions boomerang.

The midday attack Monday at Paris's best-known kosher delicatessen, Jo Goldenberg's on the Rue des Rosiers, was neither the first nor the last of its kind this year. In the few days since, offices of an Israeli trading company were bombed and a car bomb wounded six passers-by in front of the Iraqi Consulate.

There is general agreement that the attack on Goldenberg's, in which six

persons were killed and 22 injured, was anti-Semitic. The only purpose could have been to hurt Jews.

Nobody has made a point of noting that one of the dead was an Arab who worked in the restaurant and another an American tourist who probably was not Jewish. The obvious reason was that Raymond Barre, two years ago when he was premier, betrayed too much when he condemned the explosion outside a synagogue on the Rue de Copernic, saying some of the dead "weren't even Jewish."

Members of France's Jewish community, the world's fourth largest after the United States, the Soviet Union and Israel, have spoken of deep, latent anti-Semitism in this country. Perhaps it is true. France yields to none in nationalistic reflex. It is a self-consciously "Roman" Catholic country, though highly skeptical and scornful of its historic role as a refuge, which it often does provide, it gives due respect to xenophobia.

The difference from other xenophobes, I suppose, is that the French feel they really are superior, so disdain for those who are different is sufficient. They do not need to hate. Certainly, anti-Semitism is not negligible or a part of everyday talk and thought. And certainly President Mitterrand, at whom young Jewish demonstrators chanted "Mitterrand is a scoundrel" and "Mitterrand is a scoundrel" is sincere in saying that he is and always has been a friend of the Jew.

Whatever may be the truth of charges that the "climate" of official French sympathy for the Palestine Liberation Organization and the tone of press coverage of the war in Lebanon have encouraged terrorists, the polemics have made things worse.

Prime Minister Mitterrand began reacting furiously, demanding an inquiry, while Mitterrand allowed himself to be trapped by a Palestinian at a press conference in Budapest last June into comparing the bombing of Beirut with the atrocity of Oradour.

The village of Oradour-sur-Glane was razed during the Nazi occupation after its people were locked in the church and burned to death in reprisal for an attack by the French Resistance. It was not a battle; it was cold-blooded massacre.

The words "genocide," "Fascists," even "holocaust" have been used extravagantly in the French press denouncing the Israeli invasion of Lebanon and the battle of Beirut. It is inexcusable, although it might be added that the press has blamed the United States even more than Israel.

Begin's reply to the Rue des Rosiers, however, has been as offensive to the French, Jews and non-Jews alike. "I am proud to be the prime minister of Israel," he said, "but first of all I am a Jew. If the French authorities don't put a stop to murderous attacks by neo-Nazis against Jews, I will not hesitate to call on the young Jews of France to defend their people and their human dignity."

It was taken as an attempt to revive the painful old question of Jewish allegiance, or even Jewish allegiance, of the citizens of a democracy to a foreign power. Even before the state of Israel existed, and the insidious charge was put to American Jews, American Catholics faced the same slander. French Jewish leaders made clear they were opposed to any private militia and they reject Begin's interference in their country.

But the question of terrorism in France is not only about attacks on Jews. It is true that there has been a steady increase in incidents, nourishing the view that France is lax. Given steamy French politics, the opposition is making the most of it, though the ugly record of tacit indulgence stretches well back over its own years in power.

Under guise of political asylum, France has allowed Basque, German and Armenian as well as Arab terrorists to operate from here, hoping they will not operate on French soil. It is only now learning that no spoon is long enough to stir such evils.

There needs to be a cease-fire on violent, aggressive language and an effective police war on terrorism. Poison spreads. Goodwill withers.

The New York Times.

## LETTERS TO THE EDITOR

### Salvadoran Rights

Regarding "Salvador Leaders Warned by U.S. on Use of Torture" (JHT, July 27): During the months when the press concentrated on the torture and killings of civilians in El Salvador by paramilitary forces, the Reagan administration instead of expressing concern, complained about bias of the media.

Now new detailed reports of particularly vicious torture have turned up. Close to 3,000 political murders have been committed during the first half of this year alone. Robert D'Ambussio, El Salvador's new leader, once said in an unguarded moment that it might be "necessary" to kill hundreds of thousands.

Human rights in El Salvador do not exist, and it is the American taxpayer who has to support the carnage with his money.

LEONORE SUHL, Fortinos, Portugal.

### Turn Up VOA

Regarding "Voice of America and Its Ills" (JHT, Aug. 5): VOA reporting is honest, complete, factual and without prejudice, and I listen and enjoy it regularly. If the American Congress finds VOA is not "telling the American story to the world" they are off their rocks.

All VOA needs is a few more megawatts for Europe.

J.R. BACH, Grasse, France.

### Productivity Is Passé

Regarding "Stagnant Productivity in Post-Slump Recovery" (JHT, Aug. 5): I was surprised at the importance Mr. Samuelson attaches to productivity. He seems to have overlooked the fact that the world in which productivity

was an indicator is a world of the past.

We are ready to blame many of the ills of the developing world on population growth, but we forget that the same reason be true for us.

America has nowhere to expand — no frontier. We are stuck with what we have. We can change what we do with it, change the way we distribute it, but should forget past measures of productivity. It has gone the way of big country bragging.

PETER X. HARDING, Wellesley Hills, Mass.

**Wearing the Star**

Regarding "Copenhagen Lawyer Envisages On-Ad Showing Danish King" (JHT, Aug. 7): I quote from "The Giant Killers" by John Giam, Thomas, published in London in 1975: "There is a widespread myth that King Christian expressed his sympathy with his Jewish subjects by wearing the Star of David on his military tunic. It is a pretty fable, but in fact no Jew in Denmark was ever made to wear the yellow Star."

"King Christian's sole comment on the matter was a brief message to Hitler: 'We have no Jewish problem. We have only Danes.'"

Apocryphal stories only collect around large-life characters. King Christian X of Denmark was such a character, still remembered with affection by all his subjects.

An elderly Danish friend told me another version of the story, recently according to him, the reason no Danish Jew ever had to wear the yellow star was that the king himself had said he would not.

What a pity that King Christian's ad was not at least as clear!

SUSAN H. LEWELLYN, Dallas.

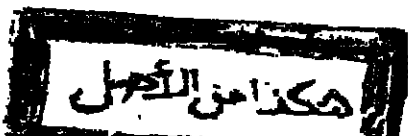
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## ARTS / LEISURE

## Recession Catches Up With Antique Dealers in Paris

By Sourin Melikian  
International Herald Tribune

PARIS—No place in Europe seems as cleverly placed as the Louvre des Antiquaires, "The Antique Dealers' Louvre," to withstand the shock of an economic crisis. More than 150 dealers offer their wares in every field from 17th-century Italian furniture to Art Deco. Located in the former Magasin du Louvre, it runs parallel to the Louvre on the rue de Rivoli, and its main entrance on the place du Palais Royal, within walking distance of some of the most luxurious Paris hotels. One would expect every art and antique-conscious visitor from abroad to slip in for a browse, between the more serious sessions across the street.

Right now, this is not so. There is no rush, and a feeling of despondency is perceptible in a profession traditionally inclined to suggest that all is well in the best of worlds. Most stores have closed for the August vacation this year, including the two specializing in Old Master drawings.

La Petite Chaise is run on a modest scale by a young man who loves drawings, can't afford to buy anything expensive and largely goes in for 19th-century drawings of every school, mostly priced from 200 to 3,000 francs (about \$28 to \$422). The other is run by de Beyer, a collector who gave up his former profession to turn to dealing in his field. He sells more ambitious works—Italian mannerists, some 17th-century Northern European pieces, fine 18th and 19th-century works of the French school. His clientele would obviously be very different from that of his younger colleague—well-to-do Frenchmen from the provinces, rich foreign tourists. But neither he nor his colleague thought it worth their while to sit it out at the Louvre des Antiquaires in August.

Those present did not look too happy. My first visit was to Galerie Slim, which runs two stands, one on the ground floor focusing on the art of Islamic countries—from North Africa to Persia, and another on the upper floor, specializing in the Hindu and Buddhist worlds—Tibetan and Nepalese bronzes, the odd piece of wood carving from southern India.

The managing partner, Jean Lostalem, speaks of the

slump in a smiling, detached way. Sales were reasonably good until mid-May. The French devaluation resulted in a psychological shock. In Lostalem's view, Frenchmen feel their money is worth less and they need more of it for essentials. His Arab clients stopped coming after the invasion of Lebanon—and the Lebanese and other Arabs as well. July was a disaster. He could think only of a Frenchman

## THE ART MARKET

an, a customer of many years' standing, who bought a Tibetan ritual dagger made from meteorite iron—a superb piece—for 10,000 francs. But that was not really a collector's fit of enthusiasm. The buyer, Lostalem said with a glint in his eye, "practices the magical art. She uses it."

August hardly looks better, although Lostalem had just sold an Iranian helmet of the 19th century—to a Mexican buyer.

Looking around, one could not help thinking that his is largely a supply problem. In the Islamic field, he has two pieces desirable each in its own modest way: a Tunisian bridegroom dress of the 15th century and a northwestern Indian portrait of a raja, late but good. In the Hindu and Himalayan boutique on the floor below, there is a remarkable little bronze figure of a lama that Lostalem dates to the 16th century. The pedestal is bent and broken, telling a tale of devastated monasteries. And a pleasing, if small and unimportant, bronze mandala from Nepal, and that is about it.

From those dealing in furniture, reports varied. For Guillaume, whose small ground-floor shop is filled mostly with 18th and 19th-century furniture, June has been a good month thanks to German buyers; for him, the devaluation seems to have been positive. Marie-Christine Bruyer, a young woman who admits with a brave smile that hers is a mixed lot—from furniture and bronze mortars to 19th-century paintings—because "you have to sell what you can get," was more reserved. A handsome Genoese cabinet of the 17th century, not in mint condition, is the focal point of her display.

However, those with a good stock are also having a tough time. Colette Aubinière is an antique dealer of the old school such as used to cater regularly to trusted clients

in the better-off neighborhoods of Paris—her card characteristically reads "Madame Aubinière," no first name. Her manner has a mixture of old-style discreetness and lifelong experience that allows her to express her appreciation of pieces she particularly cares for, without seeming to boast of them.

On her stand is one of the gems of the Louvre des Antiquaires, a commode in purpleheart veneer inlaid with a yellow wood scroll-and-garland pattern in the neoclassical taste. It ranks among the finest pieces of the Louis XVIII period that I recall seeing. At 68,000 francs it is expensive. Yet, Madame Aubinière notes, she originally bought the dressing table, the small one-door wardrobe, the bed, the bedside table—and tried vainly to sell it as a set. It took her months to dispose of the pieces separately.

In her estimation it is now considerably easier to sell run-of-the-mill pieces than splendid rarities. For instance, a bronze inkwell stand designed as a naturalistic serrated leaf, with the crystal inkpot inserted into the sprig, is a delightful late 19th-century object priced at 1,300 francs—under \$200. Even in these hard times it is not a great deal of money. It almost looks as if the sophisticated class of buyers with an eye for high quality had lost interest. In this respect, the trade is experiencing the effects of a trend that has been noticeable at auction in the past few months.

In addition, it suffers from a lack of self-confidence. Insufficient advertising surely accounts in part for the limited foreign attendance at the Louvre des Antiquaires. It currently has a charming exhibition on the theme of the bird, a good many of the items coming from dealers and being accordingly for sale, an excellent idea, adding spice to the visit. But when I walked into the exhibition space—it is well laid-out, and refreshingly cool, thanks to good air conditioning—I had it all to myself for a half-hour.

Superior to the Flea Market in many respects—it is accessible, clean, more businesslike—the Louvre des Antiquaires resembles the Flea Market in many others. Many dealers have switched from the one to the other, and the supply sources are often the same—the Drouot auctions, to name but one. Yet my guess is that there are three times as many foreigners at the Flea Market at any one time. The trade has yet to master the art of public relations and promotion.

## The Left Hand of Leonardo

By Michael Gibson  
International Herald Tribune

PARIS—Leonardo da Vinci drew, sketched and wrote abundantly (writing left-handed and backwards in brown ink), and his surviving manuscripts are preserved in several cities: Milan, which has the 1,000-page Codex Atlanticus and the Trivulzianus; Turin, which held the first manuscript on the flight of birds; Paris, where the Institut de France owns shorter manuscripts; London, where three small notebooks are kept in the Victoria and Albert Museum and the Arundel Codex is in the British Museum; and as a result of a recent sale, Los Angeles, where the Leicester Codex has been renamed the Hammer Codex. Finally, the Royal Library at Windsor Castle has 600 of Leonardo's drawings, including the major part of his anatomical studies.

Milan is now displaying a selection of drawings by Leonardo (from the Codex Atlanticus) and his circle at the Pinacoteca Ambrosiana and a splendid assortment of nature studies, on loan from Windsor Castle, at the Castello Sforzesco (both to Oct. 17). Meanwhile, the Hammer Codex, after a showing at the Musée Jacquemart-André in Paris, is going to Edinburgh (Aug. 20 to Sept. 11 at the Royal Scottish Academy).

The most surprising thing about Leonardo's writings is that, for all practical purposes, he might have put them into a time capsule for 300 years. Not until the 19th century did scholars get to see them, and not until then did the technical means begin to be available with which to produce some of the inventions he conceived and designed.

Leonardo invented, for instance, a system that would allow a human to breathe under water, but he was careful not to describe it in his writings because, he explained, "man, as a result of his perversity, would use it for murderous ends, diving under water and making breaches in the hulls of ships in order to sink them with their crews."

He was an encyclopedic observer of nature, and his notes on astronomy, geology, paleontology, hydraulics and so on reveal that he was a man of infinite patience and piercing intuition. But all this work remained unknown until it could no longer add anything of practical value to what science had learned. As a result, the viewer may be inclined to consider Leonardo and his work with a sort of pointless awe, as though looking at the intellectual equivalent of the tallest man in the world.

This is a sterile approach. It is certainly more amusing and enlightening to try to get closer to Leonardo by grasping at least some aspects of his world and fantasy mind. The exhibitions in Milan and Edinburgh allow some insights.

The Hammer Codex is least interesting in visual terms, since it is composed of 18 folios of closely written, illegible notes with sketches in the margins. It is surprising that nobody used simple photography to invert the writing in the reproductions for the catalog, so as to let the reader try his luck with the difficult script.

Leonardo's method seems to have been the result of an unusual



Leonardo landscape (detail).

stream or river is likely to spend a lot of time dreamily observing the way the currents behave and the water flows. Leonardo clearly did as much as a child, just as he must have indulged in the pastime of discovering landscapes in spots of moisture on the wall of a room.

But he went on to take these reveries quite seriously, and the Hammer Codex, for instance, is largely devoted to a practical study of the behavior and force of water. Leonardo was fascinated by the turbulence of water beneath a fall or around a motionless obstacle. A small marginal sketch in the Hammer Codex is compared with a modern photograph of a flow of water around a pole or reed, and the likeness is striking.

Leonardo's reveries, like those of most children, also turned to the human body, and to the earth, its mountains and rivers and its

shattering cataclysms. Here again, Leonardo's way was to take these reveries seriously and follow them to their consequences: anatomy and geology. It is interesting to note that, as Carlo Pedretti points out, each time Leonardo started working on anatomical studies his mind was likely to turn to problems related to the structure of the earth. Here one can sense an identification in fantasy of the big body of earth and the lesser body of a human, or, possibly, more to the point, the body of the mother who, like earth, produces living beings.

Such reveries seem quite usual and almost too obvious at a time when one is often inclined to imagine that the code of the unconscious has definitely been broken—as though the unconscious were not silly enough to come up with a new code. In any event, the unusual at things about Leonardo is that his reveries lead to absolutely detailed and practical applications—there is no chasm between his reverie and the world.

The drawings from the Codex Atlanticus reflect an unusual approach to the human face: on a hand, milk-soft, too-divine madonnas and youths; on the other, monstrous figures that one tends to describe as caricatures but that I suspect are something else: intuitive representations of the monstrous potentialities of the world.

The Windsor Castle drawings also express Leonardo's durable reveries about natural calamities and aquatic disasters: floods and hurricanes abound, turbulences seem to flush entire cities into a gulf in the earth. The landscapes in the Windsor drawings are sometimes close to careful geological studies, but more often their perspective is dreamlike in a quasi-Chinese way, with little points of interest (a bridge with figures, a boat, a house above a cliff) that help the viewer get his bearings, and they suggest a derivation not so remote after all from the spots on the wall, in which a bridge, a boat, a house sometimes suffice to create a world.

## British 4th TV Channel Will Go on Air Nov. 2

The Associated Press

LONDON—American football and basketball will be among innovative programs offered British television viewers on a new fourth channel, starting Nov. 2.

Channel Four, which will broadcast 60 hours a week, will carry a mix of educational programs, ethnic news, sports, arts and drama. It has been authorized by the government-appointed Independent Broadcasting Authority.

## Drawing Out the Genius of Christopher Wren

By Max Wykes-Joyce  
International Herald Tribune

LONDON—The wooden model for Pembroke College Chapel, borrowed from the master and fellows of the Cambridge college, to whom it still belongs, is the first exhibit in the "Universities" section of a splendid show celebrating the 350th anniversary of Sir Christopher Wren's birth (Whitechapel Art Gallery, Whitechapel High Street, adjoining Aldgate East subway station, to Sept. 26).

Sponsored by the National Westminster Bank, it consists of drawings and plans by Wren and his assistants and followers, models, documents, portraits of Wren, and paintings and prints of his work. Notable among the last is a great Canaletto canvas borrowed

from the queen, "London: The Thames from the Terrace of Somerset House," portraying St. Paul's Cathedral dominating the panorama, with the spires of Wren churches pointing heavenward on every side as though the whole great city had been the creation of one man.

Christopher Wren had not intended to become an architect. The son of a Wiltshire person who later became dean of Windsor, and nephew of the Bishop of Ely, Wren was a prodigy, specializing in mathematics and anatomy, who left Westminster School at 16 to go to Wadham College, Oxford. He took his first degree at 18 and his master's of arts two years later. Just before his 21st birthday he was elected a fellow of All Souls College.

Meanwhile he had made anatomical drawings for his guardian, a noted surgeon; invented a device to record the weather at night; perfected a paving stone "harder, fairer and cheaper" than marble; taught himself to engrave on metal; and solved problems in mathematical philosophy to such good effect that he was described by Newton as one of the four "foremost geometers of his age."

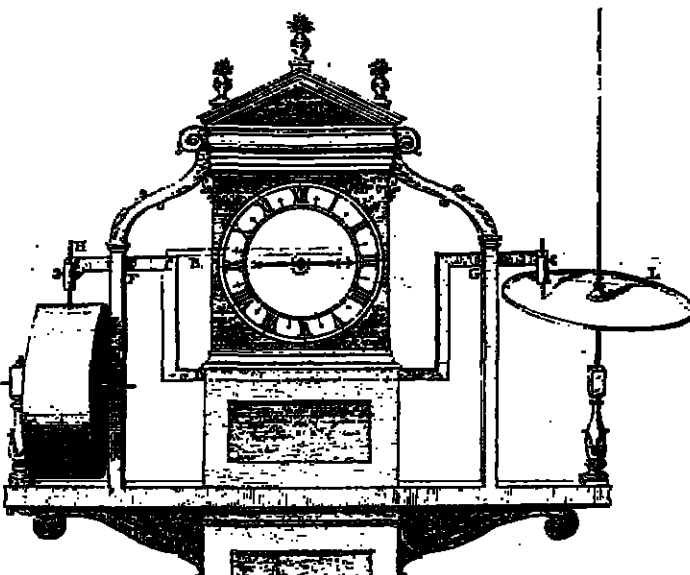
In 1657 Wren was appointed professor of astronomy at Gresham College, London, an institution that a few years later formed the basis for the Royal Society, the foremost scientific body in the Western world. At that time, astronomy encompassed not only the study of the heavens, but also cosmology, astro-navigation, meteorology, microscopy and chemistry, requiring a mastery of all sciences then known, pure and applied.

Architecture was similarly considered to be principally a matter of applied mathematics. So it was not thought particularly odd that when Wren's uncle, Bishop Matthew, wanted in the early 1660s to make a thank-offering to his alma mater, Pembroke College, Cambridge, in the form of a chapel, he should commission nephew Christopher to design it.

It is in contrast to scale that the genius of Wren resides. He could with equal care and attention to detail make drawings to illustrate the surgeon Thomas Willis' "Anatomy of the Human Brain" (1664); design a machine to grind aspheric

lenses, required for accurate telescopes; envision the astonishing geometry of the church of St. Stephen, Walbrook, which disposes 16 columns in a small rectangle in such a way that the church has five aisles of varying width; and design St. Paul's, arguably the finest baroque building in Europe.

St. Paul's was personally supervised by Wren from the setting of the foundation stone in 1675 to the last brick in the cupola, in 1710. He died in 1723 and was buried in his greatest creation.



Wren portrait (detail, above); Wren design for weather clock.

## Swiss Exhibition Notes

By Mevis Girard  
International Herald Tribune

REPRESENTATIVE exhibit of Matisse engravings in Fribourg, to Sept. 5, forms a prelude to a show of Matisse paintings scheduled for Zurich in October. In the Musée d'Art et d'Histoire, Rue Pierre Aebly 227, overly subtle neon lighting leads the visitor underground and then to the top of the new wing. The 181 prints shown are among the 600 listed and reproduced in a fine catalog. The engravings reveal Matisse's fascination with the human figure even more than his paintings do. He observed, sketched, eliminated and simplified until he had attained a mastery of line that he could express in a few strokes.

The world dressage championship to be held Aug. 25-29 in Lausanne has been a perfect peg on which to hang "Fantasie Equestre," a sample of 296 works on the horse by top artists, at the Musée Cantonal des Beaux Arts in the Palais de Rumine, Place de la Riponne, to Sept. 12. The selections made by the outgoing curator, René Berger, and his successor, Edith Billiet, include a small Doge, a galloping horse and jockey, a Toulouse-Lautrec portrait of a tired white mare, a Cranach engraving of a tournament, and a Picasso bullfight.

Lausanne's Musée de l'Art Brut, Chateau de Beaulieu, 11 Avenue Bergières, constantly adds to its original Dubuffet collection of marginal art from the insane or the solitary. The recent this year, to Oct. 3, is on Sylvia Planché, Leonardo, and Edmond de Selys Longchamps, was haunted by a fantastic animal and vegetable world. Monsiell hid from all contact; in his garret he drew the world he dreamed as a storm of staring faces. Fusco seems more content in his bright paintings of large-breasted women.

Only one Swiss museum actually owns a Goya painting, but the Pierre Gianadda Memorial Foundation in Martigny-Ville has managed to acquire a dozen from private collectors in Switzerland, to Sept. 26. They range from the stuffy self-conscious portrait of 10-year-old Vicente, Marquis of Osoyo, to heady-eyed Queen Marie-Louise and the macho guerrilla leader Juan Martín Díez. A small oil of a bullfight is far more impressive.

"Collections-Passions," an amusing exhibit at the Musée d'Ethnographie in Neuchâtel, 4 Rue St. Nicolas, to Dec. 31, suggests only a few answers to the question of why people collect. The museum started in the 18th century with a donation of Oriental curios and has been enriched ever since by civic-minded Neuchâtel collectors. The displays organized by Jacques Hainard and his assistant, Clotilde Keller, show how themes develop along with the owner's curiosity. Lowly Camembert carton tops may fall into poetic classifications. A small dressmaker's dummy is studded with jeweled hairpins. Old dolls are grouped into tableaux with a touch of whimsy.

Basel's Kunstmuseum, St. Alban Graben 16, is presenting the works of Jean Arp, to Sept. 5, in a retrospective of the artist's career from its very conventional beginnings to his last drawings. Donated by his widow, the selection unfortunately includes few sculptures.

"Burgondes à Bayard," religious art and common utensils illustrating life in the Middle Ages, shown in Paris earlier, is at Geneva's Musée d'Art et d'Histoire, 2 Rue Charles-Galland, to Sept. 5, then returns to Grenchen.

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Tables include the nationwide prices up to 2 p.m. on Wall Street.

(Continued on Page 8)

**Washington Post Service**

The report identified 26 questionable foreign exchange transactions in which bank branches sold currencies in order to generate losses in the two high-tax European countries and similar profits at the Citibank branch in low-tax Nassau.

The bank said that all but \$1.2 million of the payments, including the one to West Germany, can be credited against U.S. taxes.

Both the Comptroller of the Currency and the Securities and Exchange Commission, after lengthy investigation, declined to take any actions against Citicorp. The commission staff recommended that the commission censure Citicorp, but the commissioners disagreed.

Darwin E. Smith, chairman of Cincor's audit committee as well as chairman and chief executive of the Kimberly-Clark Corp., said last April that the board would reopen the investigation because of a suit filed by a shareholder on behalf of the company, demanding that damages be sought from 15 current and former Cincor executives.

In such actions, called derivative suits, a company's directors are supposed to decide whether the suit is wise.

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# ECONOMIC SCENE

By Leonard Silk

## How to Square a Tax Increase With a Tax-Cutting Doctrine

**NEW YORK** — How would you go about explaining fiscal policy to the students in Economics 101 on the basis of these recent developments:

- President Reagan rides shotgun atop a red stagecoach around an arena in Billings, Mont., urges the roaring crowd to support a bill to raise taxes by \$99 billion and says that if he could have corrected America's economic problems during his first year in office, he would go back to show business as a magician, adding: "You know, it might be more fun pulling rabbits out of hats than jackasses out of the way in Washington."
- Lynn Nofziger, a former assistant to the president, joins Rep. Jack Kemp, Republican of New York, to fight the \$99-billion tax increase, then rejoins Mr. Reagan to lead the fight for it, saying his earlier opposition was "pure stupidity."
- Mr. Nofziger calls Rep. Kemp "a little fanatical," several White House aides denounce him. Larry Speakes calls him "a good man," Mr. Reagan calls him to the White House, the former Buffalo Bills quarterback leaves by the back door to evade reporters and photographers, and Mr. Reagan, when asked by reporters whether he thought Rep. Kemp's opposition to the tax bill stemmed from presidential aspirations, says, "I didn't know the job was up for grabs."
- The White House instructs cabinet officials and political aides to play "hardball" against conservative Republican legislators who will not support the tax-increase bill. Mr. Reagan says the bill is essential to shrink the deficit, bring down interest rates and reduce unemployment, although it isn't really a record tax increase at all — 83 percent of it is improving collections and closing loopholes, while only 17 percent is increasing taxes on cigarettes and a few other items.
- The president's formerly ardent supporters among the supply-siders denounce the tax bill as a sellout, say tax revenues and federal spending have climbed as a proportion of the gross national product, so supply-side tax cuts have not failed, and warn that the tax increase bill will worsen the slump or weaken the recovery. Eastwilde critics of the president among liberal and Keynesian economists, as well as Kaufmanians and some conservative budget-balancers, praise his plan to raise taxes as a way to restore sanity.
- The president and his aides insist that the tax increase still leaves him a supply-side tax cutter. The \$99-billion increase, Mr. Reagan says, is only a small fraction of the \$350-billion tax cut for the next three years already voted by Congress. Treasury Secretary Donald T. Regan says: "It leaves the Economic Recovery Tax Act for the most part untouched, and consequently it's consistent with the administration's economic program. And because of that it preserves the incentives to work, to invest and to save." Critics in the press want to know how increasing withholding taxes on interest and dividends will increase saving.

### The True Believers' Fear

All these developments in fiscal policy, the students in Economics 1 might be told, can be explained fairly simply.

For one thing, Reagan is still a popular performer — and not just in Billings, Mont. He is letting the politicians in Congress know that his personal popularity can weigh more heavily than their fear of raising taxes in an election year. Further, he can hint that Republicans by withholding aid if they don't get back in line.

Besides, budget-balancing is still a very popular thing. Polls show that 80 percent of the public wants the budget balanced. That's the logic behind the balanced-budget amendment. But the cartoonists and editorialists and Democrats and most economists are having a field day over the president's simultaneously proposing the biggest deficit in history and calling for a constitutional amendment to balance the budget a few years from now. He has to show sincerity by moving now to narrow the deficit.

Rep. Kemp, who has staked his career on the supply-side tax cuts, is a problem. Rep. Kemp will not run from a fight, although he may occasionally run from the media. Let him aggravate a developing split in the Republican Party and worsen his own leadership potential.

The president does not want to lose the support of the supply-siders or the Proposition 13-type tax rebels in his party. And he does not want to appear "Carterized" — which, in the Republican lexicon, means waffling or changeable. Hence, he wants both to increase taxes and to remain a tax cutter.

The supply-side true believers believe politicians, including the president, will do them in for vote-getting reasons when it is opportune. And they are contemplating what appears to be a failed theory, than which nothing can be more repellent to any true believer. They will go down hard.

The New York Times

## Agriculture, Too, Divides U.S. and EEC

By Ward Sinclair

**WASHINGTON** — Chris Righton, a prosperous wheat farmer in England's central cereal belt, does not care for it, but some people think of him as a bogeyman taking food from the table of his American farmer friends.

Mr. Righton is a bit player in the drama of trade tension between the United States and the European Economic Community. Most of the sources of that tension are well known — defense policy, the Soviet gas pipeline, steel subsidies. Less well known, but equally central, is agriculture.

Hounded by recession at home and sagging farm sales overseas, the Reagan administration, U.S. farm organizations and farm-state members of Congress have begun a fierce attack on the agricultural policies of the EEC, stirring concern on both sides of the Atlantic over the possibility of a farm trade war.

The U.S. complaint is that European governments are unfairly blocking sales from the United States, partly through outright protectionism, partly through subsidies without which European farmers could not compete.

A basic goal of EEC policy is to promote domestic social stability by keeping farmers prosperous, and by keeping them on their farms, even though those farms might not be efficient enough to be competitive with U.S. farms.

The EEC achieves its aim by keeping internal prices high and shielding its farmers from foreign competition through a complicated system of price supports, common pricing, minimum import prices, import duties and export subsidies.

Unavailable in Europe

Some U.S. products — notably corn, wheat, soybeans, vegetable fats and oils — go into the EEC duty-free because they are unavailable domestically.

However, many other U.S. products are subject to import duties and to an EEC policy of buying first from member nations. The EEC policy has encouraged production and has led to surpluses of some commodities, which are moved into world markets.

"A major concern here," said one U.S. official, "is that these EEC policies will lead to a rewriting of world agricultural trade practices. Under their approach, Europe would be insulated from these changes. When the world has too much of other countries reduce production, the EEC members don't adjust because they are protected. It has happened with wheat, wheat flour, poultry and eggs, meat and sugar. The EEC is not responding."

Yet there is an opposite side to this story:

- As a whole, the EEC is the most lucrative U.S. agricultural market. The United States will sell \$9 billion of agricultural goods to EEC nations this year, yet in return buy only \$2 billion of EEC farm goods, largely dairy products and wine.
- While the Reagan administration criticizes EEC subsidies, the EEC points right back at U.S. farmers' government help: price-support loans, direct-income supplements, grain-storage payments, marketing orders, export credits, low-interest loans and other devices.
- Subsidy may be in the eye of the beholder. An Organization for Economic Cooperation and Development study found that between 1976 and 1978 U.S. and European national governmental budget outlays for agriculture — that is, subsidies — were almost the same. Spending averaged 39.2 percent of agricultural value added in the EEC, 37.6 percent in the United States.
- A new paper by the U.S. Department of Agriculture, following the line that the Europeans are plunging into new export markets, (Continued on Page 9, Col. 5)



Edith Cresson and John Block in Washington last month: All was not cheery.

## Wholesale Prices In U.S. Climb 0.6% As Output Declines

**WASHINGTON** — U.S. inflation at the wholesale level was a moderate 0.6 percent in July as a sharp increase in gasoline prices was partially offset by a decline in food prices, the Labor Department said Friday.

Forecasters in and out of government have been surprised by the degree of monthly decline in food prices and have been forced to revise their original predictions of sharp increases ahead.

White House spokesman Larry Speakes hailed the Labor Department's Producer Price Index report as "an early indicator" that "seems to confirm we are making progress against inflation."

But some analysts noted that the prices of raw materials, which help economists to predict economic trends, went down 1 percent, erasing earlier signs that basic economic demand was turning up.

Meanwhile, industrial production fell in July, the 11th drop in 12 months, the Federal Reserve Board reported. But the 0.1-percent drop was the smallest of the declines, it said.

The central bank also reported that the capacity utilization rate of U.S. factories fell to 69.5 percent seasonally adjusted in July from a revised 69.7 percent in June. The July operating rate was down from 79.5 percent a year earlier.

The figure was expected to encourage hopes that the recession is coming to an end. But David Ernst of Evans Economics the Fed reports "fit in with a lot of other information that has been released recently which shows the economy is basically going nowhere."

The July wholesale price increase amounts to an annual rate of 7.1 percent after seasonal adjustment.

The July increase was restrained by a 1.5 percent drop in food prices, the sharpest monthly decline in food costs since February 1976, the department said. Wholesale prices, as measured by the department's Producer Price Index, rose at an annual rate of 13.3 percent in June.

Gasoline costs rose 7.9 percent, nearly twice the increase posted in June and the largest jump since March, 1974, the department said.

In July, a sharp rise in the output of autos helped limit the overall production decline, the Federal Reserve said. Autos were assembled at an annual rate of 6.6 million units, up about 12 percent from June, the central bank's report said.

But it cautioned that the auto industry "has scheduled an equivalent reduction of output for August."

In a report, Bernard Schoenfeld, an economist with Irving Trust Co., said that "some faint signs of a turn in the economy are beginning to show through the gloom."

He pointed to the 1.7 percent annualized increase in the real gross national product in the second quarter, after two successive declines of about 5 percent.

But, he said, while real consumer spending rose at a 3 percent annual rate in the April-June quarter and is expected to continue, capital spending on new business plant and equipment was weak. He said many companies have announced unusual extended summer shutdowns in response to weak demand.

## Dow Rises On Decline In Rates

Compiled by Our Staff From Dispatches

**NEW YORK** — Prices on the New York Stock Exchange, buoyed by lower inflation and interest rates, were holding a gain Friday afternoon. Trading was moderate.

The Dow Jones industrial average, which fell 45.19 points in the previous eight sessions, was ahead 8.85 points to 183.76 an hour before the close. Advances led declines by about eight to five, and the five-hour NYSE turnover amounted to about 38.1 million shares, down from 39.9 million during the corresponding period Thursday.

Analysts said that since the Dow Jones average had fallen to a 27-month low in the past eight sessions, bargain hunters found many stocks trading at attractive prices. Further, averages were helped by some traders who took the opportunity to replace borrowed shares they sold before the recent slide.

Chase Manhattan stock, which fell 3 3/4 points Thursday, was rebounding; the banks' shares were hurt by Thursday's news that a small securities dealer that has debts to Chase was in financial trouble. Crockier National Bank, which dropped 7 1/2 points Thursday, was lower most of the day. Crockier has sought an injunction against T.O.S. Industries, which has filed for protection from creditors and assets in the San Francisco bank \$37.2 million.

Cities Service, which has been seeking a merger partner since Gulf Oil dropped its \$5 billion bid a week ago, was higher and active. American Telephone & Telegraph was higher and active after a block of 132,500 shares at 51 1/4. Analysts said AT&T should benefit from changes U.S. District Court Judge Harold Greene demanded in the Justice Department's antitrust suit settlement with the company.

## Mexico Closes Its Foreign Exchange Markets

Compiled by Our Staff From Dispatches

**MEXICO CITY** — Trying to end speculation against the peso, Mexico's Finance Ministry closed foreign exchange markets Friday and prohibited banks from sending foreign currency abroad.

The ministry said financial obligations inside or outside the country would be paid in pesos. Accounts held in foreign currency are to be paid in pesos at Thursday's closing rate of 69.5 pesos to the dollar.

The ministry said the measure was temporary and was designed to avoid market disorder. It was unclear how long foreign exchange markets would remain closed.

"It's exchange controls with a capital E," said the editor of a Mexican business publication after the measures were announced late Thursday. "There's been nothing like this in recent history in Mexico." The move was aimed at stemming the flow of dollars out of the country, which one Western diplomat recently estimated at \$2.5 billion a week.

The closure of exchange markets sent Mexicans flocking to banks. Those with dollar accounts who were holding money talks that they would have to wait until the situation was clarified. Foreign tourists were unable to change their bank notes into pesos.

One Mexican, waving an air ticket, demanded he be allowed to withdraw \$2,000 from his dollar account because he was going on a trip abroad. "It's my money," he screamed at a bank teller. "Give it to me."

Friday, the government introduced a two-tier exchange rate. A preferential rate of exchange for imports of food, capital goods and other essential items was established and is expected to remain steady at about 50 pesos to the dollar.

A free market exchange rate was also introduced for tourism and imports of luxury goods and has moved as far as 84 to the dollar from its rate of about 49 before the new system was adopted.

In February, a devaluation sent the peso plunging to 45 to the dollar from 27, and the rate continued to slip on the free money market.

In Chicago Friday, peso futures on the International Monetary

Market fell the daily allowable limit of 15 U.S. cents in most contracts, floor brokers said. The contract for September delivery was offered at 1.18 cents to the peso while December was offered at 1.02 cents.

In London, rumors that Mexico's foreign debts are about to be rescheduled created demand for dollars. The dollar ended the day at 2.5060 Deutsche marks, up from an early 2.4987 and New York's Thursday closing of 2.4965.

Mexico's economy, boosted by oil development, grew at a robust rate of 8 percent in the four years ended last Dec. 31 but has stagnated since, hurt by declining oil prices, surging inflation and heavy foreign debts, expected to reach \$80 billion this year.

## Fed Move and 'Flight to Quality' Spur a Sharp Credit Market Rally

Compiled by Our Staff From Dispatches

**NEW YORK** — Indications of a further loosening in the Federal Reserve's monetary policy and the problems of a small securities firm have pushed interest rates down sharply on the credit market.

In an unexpected but welcome move Thursday, the Fed supplied temporary reserves to the banking system overnight by buying securities from dealers and simultaneously agreeing to resell these purchases later to dealers. The Fed added reserves again Friday afternoon. Some analysts saw the move as a sign that the central bank is further loosening its grip on credit to encourage lower interest rates and help revive the economy.

Another boost was provided by the news late Thursday that Lebar-Wall Inc., a small firm involved in government securities trading, had filed for protection from its creditors under Chapter 11 of the bankruptcy code. That report added to jitter about the soundness of the banking system, prompting investors to seek a safe haven in Treasury bills.

The "flight to quality" was similar to the one that followed the closing of Drysdale Government Securities Inc. last May. Later Comart, a broker-dealer in securities, was forced into liquidation after incurring losses.

"Each of these problems," explained an investment house executive who asked not to be identified, "has added to concerns over safety in terms of what you hold and whom you sell to."

The Fed move prompted some analysts to assert that a further cut in the Fed's discount rate is likely to come soon. The rate, which the Fed charges on loans to banks, was at 11 percent since July 1980, when it was cut half a point.

Among those predicting an imminent cut was Henry Kaufman, the chief economist at the investment banking firm of Salomon Brothers. He noted that the rate on federal funds, reserves banks lend one another overnight, has slipped to between 10 and 11 percent after averaging 11 percent for several weeks.

Other analysts were not so sure a discount rate cut is near, partly because of predictions that the M-1 money supply figures for the week ended Aug. 4 will show a rise of about \$2 billion. Even though money-supply growth has been within Fed targets of late, a big increase could lead the central bank to tighten up on credit.

Thursday's credit market rally spilled over into Friday. At midday, Treasury bill yields were down 0.08 to 0.12 percentage points on the day, while some

long-term bond prices rose nearly a point.

The yield on three- and six-month bills dropped to around 9.20 percent and 10.24 percent respectively. The rate on one-year bills declined to 10.66 percent.

The 14-percent Treasury bonds due in 2011 rose 3/4 to 107 5/16 bid. They were as high as 107 1/4 in early trading.

On Thursday, rates on some short-term Treasury bills fell almost 3/4 point. The latest 13-week Treasury bill was quoted late Thursday at 9.23 percent bid, down from 9.93 percent Wednesday, and the bid on the latest 26-week Treasury bill closed Thursday at 10.37 percent, down from 10.94 percent.

Prices of longer-term issues surged. The 14-percent Treasury bonds due in 2011 closed Wednesday at 106 1/4, up from 105 14/32. The Treasury's 13 1/2 percent notes due in 1992 ended at 101 19/32, up from 100 9/32.

One important source of demand for Treasury bills Thursday, according to dealers, came from cash-laden money market mutual funds. These funds, at last count, held \$220 billion of assets. Treasury bills, offering top quality and a tax supply, are a prime channel of investment. This is particularly true for money market funds that believe interest rates will remain in a declining trend.

## CURRENCY RATES

Interbank exchange rates for Aug. 13, excluding bank service charges.

	\$	£	D.M.	F.F.	It.	Y.	S.F.	S.P.	S.K.
Amsterdam	2.32	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Brussels	4.78	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Frankfurt	2.49	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
London	1.76	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Madrid	1.95	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Paris	6.56	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Zurich	2.13	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
1 ecu	0.84	0.84	2.68	4.57	1.26	4.73	1.26	2.73	8.13
1984	1.89	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57

	\$	£	D.M.	F.F.	It.	Y.	S.F.	S.P.	S.K.
Spain	0.92	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Australia	1.04	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Switzerland	2.50	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Denmark	1.31	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Sweden	1.48	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Portugal	2.00	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Italy	1.36	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57
Japan	1.36	4.78	18.17	26.2	11.1	17.27	5.77	12.45	31.57

Source: Reuters. 1:2444 Irish L.

(a) Commercial rates. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

## Western Banks Say Rescheduling Of Poland Commercial Debts Near

Reuters

**FRANKFURT** — Talks in Warsaw this week between a small group of Western creditor banks and Polish officials from a good foundation for an agreement in the near future on rescheduling 1982 commercial debt, a joint statement released Friday through Dresdner Bank said.

A small group of banks representing some 500 bank creditors worldwide held four days of talks in Warsaw this week with Bank Handlowy and the Finance and Foreign Trade Ministries, the statement said.

Banking sources said the talks aimed to bridge what was still now a wide gap between the two sides over terms of rescheduling \$2.4 billion of commercial debt falling due this year.

The statement said, "The discussions were seen by both parties to be very fruitful and to result in substantial progress towards the resolution of the problem, that is, among other things, the timing and scheduling of capital and interest payments as well as general principles of refinancing these payments."

The statement gave no details of the talks, but banking sources said the difference between the two parties has narrowed substantially.

Banking sources said banks are now confident of having found enough common ground to sign a letter of intent before Sept. 10, an interim deadline set in the previous agreement in April.

One banker said, "Most of the differences have been ironed out, but there are still technicalities to be worked out."

Before the Warsaw meeting this week, banks proposed rescheduling 95 percent of 1982 principal and insisted on Poland's meeting all its \$300 million interest payments due.

### Solution Problem

However, banks were also willing to make 30 percent of interest payments available in the form of one-year trade credits.

Poland was seeking to defer 100 percent of principal and to recycle 80 percent of interest as trade credits.

Banking sources said the key

### To Our Readers

Because of technical problems, 3 p.m. and closing Wall Street prices, together with closing commodity prices, were not available Friday. The IHT regrets the inconvenience.

question on trade credits seems to have been resolved by a compromise by Poland and the amount recycled is expected to be "nearer 50 than 80 percent."

The outcome of the Warsaw talks will have to be relayed to individual country groups of bank creditors, expected to meet shortly, the sources said.

Western governments have not started negotiations on government-backed debt falling due this year, as a sanction against last December's imposition of martial law in Poland.

Although banks have taken the lead and aim to sign a letter of intent before the interim September deadline, it is still not clear whether a final agreement will be signed and implemented while sanctions are still in force, and several banks are known to feel constrained by their government line, the sources said.

Terms of the 1982 rescheduling are widely expected to be similar to the agreement to reschedule 1981 debt, namely a seven-year maturity and interest rate of 14 percent over London interbank offered rates, the sources said.

Poland has been seeking to delay 1982 payments over 10 years, but bankers have opposed this strongly.

## Interfood, Jacobs Discuss Merger

Compiled by Our Staff From Dispatches

**LAUSANNE, Switzerland** — Two of the world's leading chocolate and coffee companies, Interfood and Jacobs, announced Friday that they are holding merger talks.

If a merger takes place, the resulting company would be one of Europe's largest food companies with a combined turnover of nearly 5 billion Swiss francs (2.34 billion).

Analysts said any detailed assessment of the move must wait until it becomes clear who is taking over whom.

Jacobs, which had a turnover of 2.7 billion francs (1.3 billion dollars) in 1981 and a net profit of 70.2 million francs, is owned by its German chief executive wanted to withdraw their money in Jacobs and his family. Interfood has annual sales of about 1.6 billion francs and had a net profit of 15.6 million francs in 1981.

Interfood said the merger talks are taking place in consultation with the French chocolate manufacturer Poulain Industries, which is Poulain's largest single shareholder with a 20 percent stake.

Rumors have been circulating for some time that Poulain might want to drop its holding possibly in favor of a Swiss concern, bankers said.

## Luxembourg May Distance Its Currency From Belgium's

By Nicholas Bray

**LUXEMBOURG** — Banks here may soon offer different rates on large deposits of Luxembourg francs than they do on those of Belgian francs, a senior Luxembourg banker says.

Luxembourg's banking commission is holding discussions on this proposal with banks, according to the banker, Albert Dondelinger, chairman of Banque Internationale à Luxembourg.

Such a move would reflect pressure on banks to maintain lower lending rates in Luxembourg than in Belgium, he said. It also would relate to speculation about a possible separation of the two currencies, at present held at the same value under a 61-year-old monetary union agreement, Mr. Dondelinger said.

Since last February's 6.5-percent devaluation of the Belgian franc, which took the Luxembourg franc down with it, and another European Monetary System realignment last June in which the Deutsche mark's value was raised, growing consideration has been given here to the possibility of modifying or ending the parity link with Belgium.

"If the Belgian franc should depreciate further by more than 5 percent against the mark and the guild — which I hope will not happen — it seems evident to me that for economic and political reasons Luxembourg will not be able to follow," Mr. Dondelinger said.

Investor interest in putting mon-

ey into Luxembourg francs has been shown in the last few months by a surge in trading in bonds denominated in the grand duchy's currency, virtually the only way for a nonresident to invest in Luxembourg francs.

Luxembourg banks at present denominate deposits by residents simply in francs; nonresident franc deposits are clearly labeled as Belgian francs.

A Luxembourg investor who deposits more than 1 million francs (\$19,700) gets interest linked to rates available on the Belgian money market, where the Luxembourg bank redeems the funds, incurring the risk that the two currencies will be separated.

At the same time, the cost to the banks of such deposits makes it impossible for the banks to lend

the funds profitably in Luxembourg itself, where the government has promoted a policy of low lending rates, Mr. Dondelinger said.

At present the prime lending rate in Luxembourg is 13 percent. Up to now banks have financed loans to Luxembourg industry through savings account and other small deposits, for which interest rates range from 7 to 10 percent.

By contrast, three-month deposit rates for Belgian francs range from 10 to 13 1/2 percent for private investors, depending on the amount involved.

Mr. Dondelinger said Luxembourg banks can no longer finance any expansion in lending from savings accounts and small deposits.

"Such deposits are no longer sufficient to meet the needs of the Luxembourg economy," he said.

Other bankers say the link with the Belgian franc has increased inflation and otherwise harmed commerce in Luxembourg.

Under the proposal for differentiated interest rates for deposits in Luxembourg or Belgian francs, depositors would be given the choice of a high interest rate and possible monetary loss or a lower interest rate tied to a potentially more stable Luxembourg franc, Mr. Dondelinger said.

In the first instance, the choice of making deposits in Luxembourg francs would probably be given only to Luxembourg residents. But this could be extended subsequently to nonresidents, Mr. Dondelinger said, adding that he personally would favor such an extension.

## ADVERTISING

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(CDR's)

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AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, 9th August 1982.



**Friday's AMEX Trading at 2 P.M.**

Tables include the nationwide prices up to 2 p.m. on Wall Street.

[illegible]**Toronto**

High Low Close Chrgs				Prices in Centon cents unless marked S.				High Low Close Chrgs						
3890 AMCA Int	\$77 1/4	17 1/4	16 1/4	- 1/4	4903 CTR Inc A	\$37 1/4	3 1/4	37 1/4	+ 1/4	4904 Proser	9 1/4	9 1/4	9 1/4	0
3900 ABT Pric	\$16 1/4	16 1/4	16 1/4	0	4905 Calrose	46 1/4	46 1/4	46 1/4	0	4905 G M Res	180	180	180	0
3900 Action	\$19 1/4	19 1/4	19 1/4	0	4906 Chem Ind	56 1/4	56 1/4	56 1/4	0	4906 D D Res A	200	200	200	0
3900 Amer S	\$12 1/4	12 1/4	12 1/4	0	4907 Con Distrb	88 1/4	88 1/4	88 1/4	0	4907 G Distrb W	200	200	200	0
3915 Alt Enrgy	\$13 1/4	13 1/4	13 1/4	0	4908 COT Bank	27 1/4	27 1/4	27 1/4	0	4908 Goodyear	51 1/4	51 1/4	51 1/4	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4909 COTL	34 1/4	34 1/4	34 1/4	0	4909 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4910 Constat R	34 1/4	34 1/4	34 1/4	0	4910 Grandc	100	100	100	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4911 Constat R	34 1/4	34 1/4	34 1/4	0	4911 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4912 Constat R	34 1/4	34 1/4	34 1/4	0	4912 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4913 Constat R	34 1/4	34 1/4	34 1/4	0	4913 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4914 Constat R	34 1/4	34 1/4	34 1/4	0	4914 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4915 Constat R	34 1/4	34 1/4	34 1/4	0	4915 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4916 Constat R	34 1/4	34 1/4	34 1/4	0	4916 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4917 Constat R	34 1/4	34 1/4	34 1/4	0	4917 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4918 Constat R	34 1/4	34 1/4	34 1/4	0	4918 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4919 Constat R	34 1/4	34 1/4	34 1/4	0	4919 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4920 Constat R	34 1/4	34 1/4	34 1/4	0	4920 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4921 Constat R	34 1/4	34 1/4	34 1/4	0	4921 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4922 Constat R	34 1/4	34 1/4	34 1/4	0	4922 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4923 Constat R	34 1/4	34 1/4	34 1/4	0	4923 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4924 Constat R	34 1/4	34 1/4	34 1/4	0	4924 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4925 Constat R	34 1/4	34 1/4	34 1/4	0	4925 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4926 Constat R	34 1/4	34 1/4	34 1/4	0	4926 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4927 Constat R	34 1/4	34 1/4	34 1/4	0	4927 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4928 Constat R	34 1/4	34 1/4	34 1/4	0	4928 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4929 Constat R	34 1/4	34 1/4	34 1/4	0	4929 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4930 Constat R	34 1/4	34 1/4	34 1/4	0	4930 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4931 Constat R	34 1/4	34 1/4	34 1/4	0	4931 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4932 Constat R	34 1/4	34 1/4	34 1/4	0	4932 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4933 Constat R	34 1/4	34 1/4	34 1/4	0	4933 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4934 Constat R	34 1/4	34 1/4	34 1/4	0	4934 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4935 Constat R	34 1/4	34 1/4	34 1/4	0	4935 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4936 Constat R	34 1/4	34 1/4	34 1/4	0	4936 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4937 Constat R	34 1/4	34 1/4	34 1/4	0	4937 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4938 Constat R	34 1/4	34 1/4	34 1/4	0	4938 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4939 Constat R	34 1/4	34 1/4	34 1/4	0	4939 H H Corp	200	200	200	0
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3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4941 Constat R	34 1/4	34 1/4	34 1/4	0	4941 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4942 Constat R	34 1/4	34 1/4	34 1/4	0	4942 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4943 Constat R	34 1/4	34 1/4	34 1/4	0	4943 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4944 Constat R	34 1/4	34 1/4	34 1/4	0	4944 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4945 Constat R	34 1/4	34 1/4	34 1/4	0	4945 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4946 Constat R	34 1/4	34 1/4	34 1/4	0	4946 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4947 Constat R	34 1/4	34 1/4	34 1/4	0	4947 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4948 Constat R	34 1/4	34 1/4	34 1/4	0	4948 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4949 Constat R	34 1/4	34 1/4	34 1/4	0	4949 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4950 Constat R	34 1/4	34 1/4	34 1/4	0	4950 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4951 Constat R	34 1/4	34 1/4	34 1/4	0	4951 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4952 Constat R	34 1/4	34 1/4	34 1/4	0	4952 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4953 Constat R	34 1/4	34 1/4	34 1/4	0	4953 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4954 Constat R	34 1/4	34 1/4	34 1/4	0	4954 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4955 Constat R	34 1/4	34 1/4	34 1/4	0	4955 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4956 Constat R	34 1/4	34 1/4	34 1/4	0	4956 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4957 Constat R	34 1/4	34 1/4	34 1/4	0	4957 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4958 Constat R	34 1/4	34 1/4	34 1/4	0	4958 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4959 Constat R	34 1/4	34 1/4	34 1/4	0	4959 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4960 Constat R	34 1/4	34 1/4	34 1/4	0	4960 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4961 Constat R	34 1/4	34 1/4	34 1/4	0	4961 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4962 Constat R	34 1/4	34 1/4	34 1/4	0	4962 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4963 Constat R	34 1/4	34 1/4	34 1/4	0	4963 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4964 Constat R	34 1/4	34 1/4	34 1/4	0	4964 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4965 Constat R	34 1/4	34 1/4	34 1/4	0	4965 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4966 Constat R	34 1/4	34 1/4	34 1/4	0	4966 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4967 Constat R	34 1/4	34 1/4	34 1/4	0	4967 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4968 Constat R	34 1/4	34 1/4	34 1/4	0	4968 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4969 Constat R	34 1/4	34 1/4	34 1/4	0	4969 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4970 Constat R	34 1/4	34 1/4	34 1/4	0	4970 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4971 Constat R	34 1/4	34 1/4	34 1/4	0	4971 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4972 Constat R	34 1/4	34 1/4	34 1/4	0	4972 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4973 Constat R	34 1/4	34 1/4	34 1/4	0	4973 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4974 Constat R	34 1/4	34 1/4	34 1/4	0	4974 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4975 Constat R	34 1/4	34 1/4	34 1/4	0	4975 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4976 Constat R	34 1/4	34 1/4	34 1/4	0	4976 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4977 Constat R	34 1/4	34 1/4	34 1/4	0	4977 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4978 Constat R	34 1/4	34 1/4	34 1/4	0	4978 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4979 Constat R	34 1/4	34 1/4	34 1/4	0	4979 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4980 Constat R	34 1/4	34 1/4	34 1/4	0	4980 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4981 Constat R	34 1/4	34 1/4	34 1/4	0	4981 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4982 Constat R	34 1/4	34 1/4	34 1/4	0	4982 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4983 Constat R	34 1/4	34 1/4	34 1/4	0	4983 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4984 Constat R	34 1/4	34 1/4	34 1/4	0	4984 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4985 Constat R	34 1/4	34 1/4	34 1/4	0	4985 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/4	13 1/4	0	4986 Constat R	34 1/4	34 1/4	34 1/4	0	4986 H H Corp	200	200	200	0
3915 Alt Hg	\$13 1/4	13 1/												

**ABU DHABI NATIONAL OIL COMPANY**  
*announces the following vacancy*

# DATA CENTER SUPERINTENDENT

Directs and supervises the activities of assigned Data Base Supervisor, Senior Documentation Officer and Senior Microfilm Officer.

Plans, directs and coordinates all aspects of centralized computerization system of the Exploration & Production Directorate related to Data Base and Records Management.

The candidate should have a B.Sc. in Petroleum Engineering or equivalent plus 10 years experience in Data Base and Computer Applications. Good knowledge of English and Arabic is also required.

Preference will be given to UAE nationals and then to other Arab candidates.

Interested candidates are invited to forward their detailed applications, together with photocopies of their education and experience certificates, within 3 weeks from the date hereof, to:

**Personnel Directorate - Employment Division,  
Abu Dhabi National Oil Company - (ADNOC),  
P.O. Box No. 898, Abu Dabi - UAE.**

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**FOOD PRODUCTS/ ASLA**

My client as a well-known European Trading Company with major interests in Packaged Foods, particularly in Asia. On my client's behalf, I am looking for an experienced

## BUSINESS EXECUTIVE

willing to relocate to Asia on a permanent basis to fill the vacant post of Commercial Manager responsible for Sales, Physical Distribution, Warehousing, Personnel Control, and Finance. He will have reporting to him an organization of 400 employees, including 100 salesmen that cover the retail trade. Parallel to his organization operates a Product Management Group headed by a Marketing Manager. Both the Commercial Manager and the Marketing Manager report to the General Manager.

The Commercial Manager participates in the preparation of annual budgets and long-range plans. Therefore, he has to have a good understanding of all problems related to the marketing of packaged foods. He will probably not be a marketing specialist, but he will have had several years of experience in a large organization engaged in the manufacture and distribution of packaged foods.

The successful candidate will be at least 35 years of age, will be fully fluent in English, will have completed a thorough commercial education at university level or comparable, and will have a proven record as leader of a sizeable commercial organization similar to that of my client.

My client offers a generous compensation package commensurate with a position of high responsibility in an overseas location. Passages to and from are paid for the employee and his family and annual home leaves apply.

**Applications in English with complete details accompanied by a recent photograph and a handwritten letter are invited to my address shown below. Full confidentiality is assured.**

**Dr. A. Gangler**  
**Alfred Escher Strasse 26,**  
**CH - 8002 Zurich, Switzerland**

## Floating Rate Notes

Closing prices, Aug. 12

[illegible]

Washington Bk 4-84	15 5/16	10-27	100%	100%
KOP 5/4-92	15 5/16	11-8	99%	99%
Kleinwort 5/4-91	15	8-17	99%	99%

Prices supplied by Credit Suisse First Boston Ltd., London.











## SPORTS

## Oilers Win Exhibition Opener

**United Press International**  
HOUSTON — Gifford Nielsen passed for two touchdowns, including one to tight end Dave Casper with 2:29 left, to rally the Houston Oilers to a 22-20 exhibition victory Thursday night over the New Orleans Saints.

The winning toss, a 20-yarder across the middle, came after the Saints were caught with 12 men on the field on a Houston punt. The Oilers were given new life at New Orleans 27 because of the penalty.

In other news around NFL camp, the Miami Dolphins voted unanimously to join the Washington Redskins in a show of union solidarity before their game Saturday night by meeting their opponents on the field and shaking hands.

An attempt at a similar show of unity prior to the Hall of Fame game between Baltimore and Minnesota failed, with both teams being kept in their locker rooms until the last minute.

In defiance of head coach Jack Patera, a majority of the Seattle Seahawks also planned to join in a solidarity handshake with the St. Louis Cardinals.

Wide receiver Sam McCullum, the Seahawks player representative, said Thursday night that Patera

has threatened to fine players a half-week's salary for taking part in the handshake.

The player representative of the New York Giants, Beasley Reese, said that NFL players would eagerly accept "the first legitimate offer" from league management, even if it did not include a provision for paying the players a percentage of the gross receipts.

"I just can't see a strike happening," said Reese, a free safety. "On the first legitimate offer players would be telling their player representatives, 'Let's take it.' That's the impression I get."

The Atlanta Falcons, who face the Minnesota Vikings in an exhibition game Saturday, have made no significant changes in what was the worst pass defense in the NFL last season. They hope that having linebacker Joe Williams and defensive end Jeff Merrow healthy will make a difference.

The Falcons' exhibition opener will offer a serious test of that pass defense since the Vikings completed 36 of 62 passes for 431 yards in last week's 30-14 victory over Baltimore with back-up quarterback Steve Mills hitting 27 of 45 for 313 yards.

Billy Sims, the Detroit Lion running back who is embroiled in

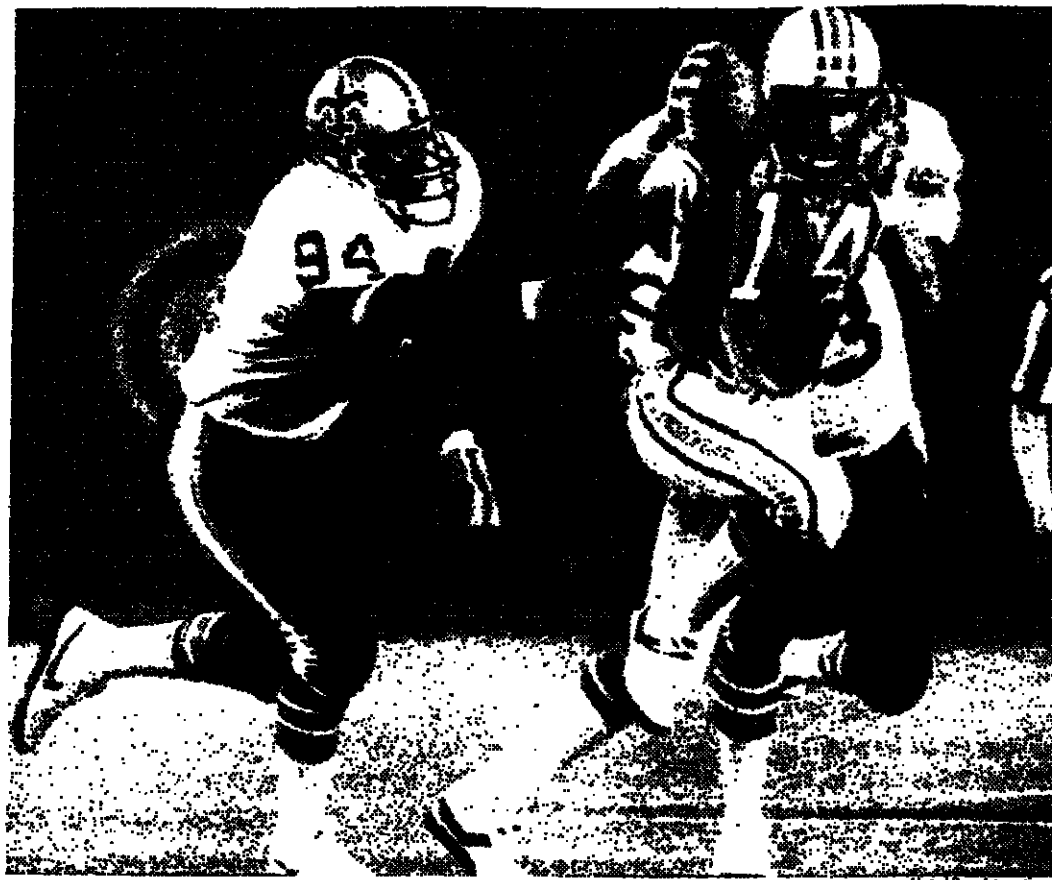
a bitter contract dispute, has hired a labor lawyer, Gerald Tockman of St. Louis, who told the Detroit Free Press that he intended to begin legal proceedings against the Lions.

Sims has refused to report to the Lion camp in Rochester, Mich., claiming that Russ Thomas, who has been Lion general manager for 17 years, broke an oral commitment to renegotiate the fourth (top) year of Sims' contract before the start of this, Sims' third season.

Thomas said he never made such an agreement, explaining that oral agreements were specifically forbidden in NFL contracts and that he was prohibited from negotiating with the former Oklahoma star because of the moratorium declared by the NFL owners and NFL Players Association.

Jeff Simons, the veteran line-backer, left the San Diego Charger training camp Thursday and announced his retirement. He had been troubled with a hamstring problem.

"I don't question anyone, particularly the older veterans, if he decides to retire," said Don Coryell, the Charger coach. Simons, 32, a veteran of 10 seasons, played 143 straight games with the Vikings before coming to San Diego in May.



Gifford Nielsen of the Oilers (14) trying to elude the grasp of the Saints' Jim Wilks (94).

## Sportswriter Fitzgerald Was Not Wasting Time

By George Vecsey  
New York Times Service

NEW YORK — Two items crossed the desk within 24 hours of each other last week — one sad, one silly. The sad item was the death of Ray Fitzgerald, sports columnist of The Boston Globe, who mixed his own native wit with information he learned in press boxes and locker rooms.

The silly item was a letter from The Professor, who teaches history and philosophy at a major university and who does not think sports journalists should waste their time talking to athletes because "what athletes have to say about their performances is almost uniformly boring."

The Professor was not in any way referring to the work of Ray Fitzgerald, yet there is some connection in my mind, because Ray was one of us who spent a fairly big portion of his life scribbling down what athletes had to say. The body of his work indicates he was not wasting his time.

Only 55

Ray was only 55 when he died, a quiet, athletic-looking man with a nose that looked as if it had absorbed a few bad-bop ground balls in its time. He had been a star athlete in western Massachusetts, but we knew him as a good companion while watching the games and trudging to the locker rooms afterward.

He had a keen wit that did not always depend on the words of others. One of the best columns about the 1981 baseball strike was written by Fitzgerald, who tracked down the last baseball fan in America.

The last baseball fan in America was some nut hauled up in a seedy apartment in Boston, savoring the relics of the old days — record books, souvenirs, newspaper clippings. The reclusive was clearly a threat to society, harboring a vestigial love for a forgotten sport, and in Fitzgerald's rollicking myth the fan was holding the police at bay by firing old autographed balls down the stairwell.

Fitzgerald's point was that America was running out of interest in baseball. Within a week of his column, the strike was settled, which indicated the owners had also sensed the urgency of getting back to business.

But Fitzgerald was not satisfied with his own point of view. He knew — even if The Professor does not — that it is important for sports journalists to cover the trenches. Last fall, Fitzgerald witnessed Brian Kelley of Holy Cross College suffer three punctures of the intestine in a football game against Boston College.

Not So Much Fun

Fitzgerald later wrote about his qualms: "Watching a fleet pass receiver cut across the middle and while in full stride, leap for and catch a pass is one of the most exciting and entertaining moments in football. That's why the NFL highlight film with the bongo drums makes for such an entertaining half-hour. You sit there with the beer and the popcorn and exclaim as each receiver gets knocked higher than the last, and it's all such a barrel of fun."

"But the bongo drums disappear when you witness a Brian Kelley type collision. When you see the player lying motionless on the field, when you watch the orange and white ambulance heading for the hospital, when you hear about the emergency operation, football suddenly isn't very exciting at all."

Then Fitzgerald did something the Professor thinks is unnecessary: He interviewed the athlete (in the hospital, in this case). He asked Kelley whether he wanted to play football any more. The columnist would have been incomplete without the young man's response.

"I suppose you begin to ques-

tion your priorities," Kelley said. "After the concussion I was a little squeamish about going over the middle, but if you're a wide receiver, that's part of the job. They told me I must have breathed in just as the helmet hit me and that's what caused the punctures. It was a freak injury."

The need to understand the point of view of others, the need to confirm facts, is what keeps journalists checking their sources, whether covering a war or politics or even something as marginal as sports.

It was hard to cover the trenches during the recent World Cup in Spain. The world soccer authorities provided no access to players after games, which was a shock to an American journalist used to interviewing athletes after the end of a game. I would have loved to ask Paolo Rossi why the Italian offense had suddenly collapsed, or Diego Maradona why he and Argentina had fizzled, but the only athlete who came out for an interview was 40-year-old Dino Zoff of Italy.

Most soccer writers seemed quite content with observing the game, banging out a few comments, and heading out the door. After I grumbled in print about lack of access to the players, along came the letter from The Professor.

"The practice of interviewing players after every sporting event in the United States — and building stories around their quotes — has wrecked sports journalism in America," he wrote, adding: "the real job of a reporter should be to be a critic, not simply a transcriber of inane comments by athletes."

Often enough the answers are inane. Partly because athletes are conditioned to tossing off a few clichés into microphones and tape recorders. But the print journalists, the good ones, like Ray Fitzgerald, hang behind and keep trying to find out what it's like to be an athlete, why games were won and lost.

The ability to mix facts and quotes is important for any good journalist. Sports columnists also need a sense of humor and personal perception. Ray Fitzgerald had them all.

## Transactions

**BASEBALL**  
American League  
MILWAUKEE — Outfielder Mark Broduski, outfielder, to Vancouver of the Pacific Coast League.

**National League**  
ATLANTA — Called up Donnie Moore, pitcher, from Richmond of the International League.  
CINCINNATI — Called up George Schermer, manager of Indianapolis of the American Association, will join Reds coaching staff effective Nov. 1 and of the American Association season.

**SAN DIEGO** — Announced they have given Jeff Manning general manager a three-year contract extension.

**FOOTBALL**  
BALTIMORE — Called up Odom, offensive tackle, from the NFL.  
LOS ANGELES — Called up Lawrence McCullough and Ron Jesse, assistant coaches.

**PITTSBURGH** — Released Ken McClellan, placekicker.  
SAN DIEGO — Announced the retirement of Jeff Manning, general manager.

**PHILADELPHIA** — Named Bill Kuharich assistant to the general manager.

**HOCKEY**  
BOSTON — Released Gerry Cheevers, head coach, in a two-year contract; Gord Klomak, defenseman, to a multiyear contract and named Gerry Cheevers and Jean Ruellette assistant coaches.  
DETROIT — Named Neil Smith director of professional scouting.

## CFL Standings

Division	W	L	T	PF	PA	Pts
Eastern Division						
Toronto	2	3	1	126	112	7
Hamilton	2	3	0	102	141	4
Ottawa	1	2	0	91	114	2
Montreal	1	3	0	39	117	2
Western Division						
Winnipeg	3	0	0	153	79	9
British Columbia	2	1	0	131	115	6
Calgary	2	1	0	103	85	5
Edmonton	1	2	0	109	119	4
Saskatchewan	2	3	0	119	129	4

Thursday's Game  
Saskatchewan at Ottawa 7 p.

## SPORTS BRIEFS

## Glickstein Upsets Wilander in Canada

TORONTO — Shlomo Glickstein of Israel staved off four match points in a second-set tiebreaker Thursday to upset Mats Wilander and advance to the quarterfinals of the Canadian Open tennis championships.

Glickstein, the 11th seed, seemed ready for a respectable but routine fight until he rallied from a 6-3 deficit in the second set and went on to a 6-7, 7-6, 6-4 triumph over the 17-year-old Swede. Glickstein is to meet Ivan Lendl of Czechoslovakia in the quarterfinals.

John McEnroe, the No. 1 seed, turned aside a challenge from Glenn Michibata, Canada's best player, 6-3, 7-6, Jimmy Connors, seeded second, beat Ramesh Krishnan of India, the 13th seed, 7-5, 6-0, and Lendl, the third seed and defending champion, downed 14th-seeded Tim Gullikson, 6-4, 7-6.

## Evert and King a Doubles Pair Again

ATLANTA — Chris Evert Lloyd and Billie Jean King played as a doubles team for the first time in eight years Thursday and easily disposed of Ida Budarova and Marcela Skuherska, 6-3, 6-3, in the Atlanta Women's Tennis Classic.

Evert and King had decided to play doubles in the U.S. Open at Flushing Meadows next month. But they were paired this week unexpectedly when Pam Shriver was forced to withdraw from the tournament because of an injury, leaving Evert without a doubles partner.

"Our games complement each other," Evert said after the match Thursday. "Billie Jean will make the points at the net; I make returns and set her up for the kill." King said: "The biggest problem is that we are both so hypercritical of ourselves. We both try to take the pressure off of each other."

In singles play, Mary Lou Piatek stopped Betsy Nagelsen, 7-5, 6-2; Dane Gilbert upset Anne Kijomura, 6-1, 6-4; Yvonne Mascani defeated 15-year-old Michelle Torres, 7-5, 6-0, and Susan Vernaak topped Lucia Araya, 6-3, 6-2.

## Norris Ahead by 1 in Hartford Golf

WETHERSFIELD, Conn. — Tim Norris, shooting his best round since joining the PGA Tour three years ago, returned an 8-under-par 63 Thursday to take the first-round lead in the Greater Hartford Open golf tournament.

Norris, who has missed 14 tournaments because of a wrist injury and was ineligible to play in the PGA last year, canned eight birdies in almost flawless play over the short 6,534-yard Wethersfield Country Club course.

Bill Britton and Mark Calcavecchia each scored 7-under 64 for second place. Another stroke behind and tied for third at 6-under were Ray Floyd, Kermit Zarley, Mark Piel and Peter Jacobson.

## Landry Signs With Chicago in USFL

CHICAGO — Veteran quarterback Greg Landry said he rejected at least two firm offers from National Football League teams to sign with the Chicago Blitz of the new United States Football League.

Landry, whose signing was announced Thursday, became the second name player to join the ranks of both the USFL and the Blitz. Tim Wrightman, a former UCLA All-American, signed up last week.

The overriding reason for signing was George Allen, Landry said of the Blitz coach who has also coached successfully in the NFL. Landry was heading toward his 15th NFL season when he was waived July 23 by the Baltimore Colts. He played 11 seasons with the Detroit Lions before going to the Colts in 1979.

## Hockey Injury Trial Opens in Detroit

DETROIT — Lawyers for Dennis Polonich, formerly of the Detroit Red Wings hockey team and now a minor league, and Wilf Paiment, formerly of the Colorado Rockies and now with the Quebec Nordiques, presented opening statements Thursday in Polonich's civil suit against Paiment and the Rockies.

Polonich filed suit after suffering a concussion, a broken nose and cuts in a confrontation with Paiment during a National Hockey League game on Oct. 25, 1978, at Detroit's Olympia Stadium, said Bruce Franklin, lawyer for Paiment and the Rockies.

"Our position is that Polonich's injuries are the result of him deliberately high-sticking Paiment as he was being body-checked," Franklin said after opening proceedings before U.S. District Judge Horace W. Gilmore. Franklin said his client, fearful that Polonich would hit him again, "swung his stick to protect himself."

## Malone Said to Seek \$2 Million a Year

HOUSTON — An attorney for Moses Malone met with representatives of the new owners of the Houston Rockets for the first time Thursday in what was called an initial discussion concerning a multimillion dollar contract for Malone.

Malone, one of five unsigned free agents on the National Basketball Association team, is said to be seeking a multiyear contract that will pay him about \$2 million annually. Malone was named Most Valuable Player in the NBA last season when he averaged 31.1 points and 14.7 rebounds per game.

"The meetings were very amicable and both sides are pledged to do their utmost to insure the continuation of Moses in a Houston uniform," said Ray Patterson, president and general manager of the Rockets.

## Moorcroft Forced Into Athens Tune-up

LONDON — David Moorcroft, holder of the world record in 5,000 meters, has bowed to an ultimatum by the British Amateur Athletic Board, which is insisting that he run at Crystal Palace on Aug. 30 as a condition of competing in the European Championships next month in Athens.

When the team for Athens was announced this week, Moorcroft put his place in jeopardy by saying that he had no intention of meeting the board's demand that all selected athletes prove their fitness by competing at Crystal Palace.

But he later backed down, saying: "A race six days before Athens forms no part of my plans. But if competing means the difference between going or not then I will run."

## Coe-Ovett Duel for Mile Set in Oregon

EUGENE, Ore. — Sebastian Coe and Steve Ovett will face each other in a mile race at the Oregon International Meet here Sept. 25, an Oregon Track Club spokesman announced.

The two champion runners had been doubtful for the 11-event meet because of early-season injuries. But Scott Feggally of the sponsoring track club said it had been confirmed that both men would compete in the mile.

Coe holds the world record time for the mile, 3:47.33, while Ovett has the 1,500-meter record at 3:31.36.



Alfredo Griffin of the Blue Jays leapt over the Brewers' Roy Howell but could not throw first in time for a double play.

## Felton Remains Philosophic Over Dubious Baseball Mark

**The Associated Press**  
MINNEAPOLIS — Positive thinking is not coming easy to Terry Felton, the Minnesota Twins' right-hander whose 14 straight defeats set a major league record for consecutive losses at the start of a career.

Felton, 24, lost his 11th straight game this season to the California Angels, 6-3, at the Metrodome in Minneapolis on Wednesday night. That plus three losses in 1980, gave him the 0-14 record, erasing the mark that Guy Morton of the Indians set in 1914.

"Nothing to be glad about, but I'm glad the negative part is out of the way and I've got it (the record) alone," Felton said in somewhat positive terms after Wednesday night's game.

There was even some humor left in Felton, who said that he recently hunted for a picture of Morton. "Just to see what he looked like because we had something in common," Felton said. "Never found it." Morton died in 1934.

The only saving grace for Felton is that it took him three seasons (no decisions last year with the Twins) to accomplish the task. Morton did it within one season, from June 24 through Sept. 20, 1914.

Billy Gardner, manager of the Twins, said he would give Felton a chance "to win one" as a starting pitcher against Seattle on Sunday.

"He's got a great arm, but he's been around long enough now to learn the bitters in the league and keep the ball down," Gardner said. "He makes too many mistakes to go hit. It's just a case of not thinking out there. He keeps making that one mistake that kills him."

And while Felton tries to put the record out of his mind he might reflect on Morton's comeback. He lasted 15 seasons with Cleveland and recovered for a 97-88 record.

## Thursday's Major League Line Scores

AMERICAN LEAGUE	W	L	Pct.	GB
California	80	60	.571	0
Minnesota	79	61	.564	1
Texas	78	62	.558	2
Seattle	77	63	.552	3
Los Angeles	76	64	.545	4
Chicago	75	65	.538	5
Philadelphia	74	66	.531	6
San Francisco	73	67	.524	7
Seattle	72	68	.517	8
San Diego	71	69	.510	9
Los Angeles	70	70	.500	10
San Francisco	69	71	.493	11
Seattle	68	72	.486	12
San Diego	67	73	.479	13
Los Angeles	66	74	.472	14
San Francisco	65	75	.465	15
Seattle	64	76	.458	16
San Diego	63	77	.451	17
Los Angeles	62	78	.444	18
San Francisco	61	79	.437	19
Seattle	60	80	.430	20
San Diego	59	81	.423	21
Los Angeles	58	82	.416	22
San Francisco	57	83	.409	23
Seattle	56	84	.402	24
San Diego	55	85	.395	25
Los Angeles	54	86	.388	26
San Francisco	53	87	.381	27
Seattle	52	88	.374	28
San Diego	51	89	.367	29
Los Angeles	50	90	.360	30

Compiled From Agency Dispatches

## Brewers Take a Pair, Ending Blue Jay Streak

**United Press International**  
MILWAUKEE — The Milwaukee Brewers took a 5½-game lead in the American League East by sweeping a doubleheader against Toronto on Thursday, 7-1 and 4-3, snapping the Blue Jays' six-game winning streak.

We picked up a game on every body so it was a big doubleheader for us," said Harvey Kuenn, manager of the Brewers. "But I'm never comfortable until the other teams are eliminated."

## BASEBALL ROUNDUP

Gorman Thomas hit his 25th homer to seal the victory in the first game and then hit his 30th in the second game.

Barry Bonnell dropped a routine fly to left field in the nightcap, and that allowed the Brewers to break a 3-3 tie and score the winning run.

"I lost it in the lights," Bonnell said. "I don't even know how I got a glove on it. It almost hit me in the face."

Jim Williams — filling in as the Blue Jay manager for Bobby Cox who is with his ill mother — agreed that Bonnell would not have missed the fly off Robin Yount's bat had it not been for the lights.

"He's too good of an outfielder not to make a catch like that," Williams said. "I've seen him make a lot tougher catches already."

In the first game, Bob McClure (9-4) scattered five hits, struck out four and walked none for his third complete game for the Brewers.

Randy Lerch, who hurled the first six innings for Milwaukee in the second game, brought his record to 8-7. Rolfie Fingers recorded his 27th save.

Angels 3, Twins 1  
In Minneapolis, Luis Tiant out-pitched rookie Frank Viola, and pinch hitter Reggie Jackson doubled in two runs to break an eighth-inning tie as California beat Minnesota, 3-1. The 41-year-old Tiant (1-1), making his second start for the Angels since being purchased from Tabasco of the Mexican League on Aug. 2, went seven innings. He gave up six hits, struck out four and walked one.

White Sox 2, Yankees 1  
In Chicago, Jerry Koosman

pitched against Seattle on Sunday. "He's got a great arm, but he's been around long enough now to learn the bitters in the league and keep the ball down," Gardner said. "He makes too many mistakes to go hit. It's just a case of not thinking out there. He keeps making that one mistake that kills him."

And while Felton tries to put the record out of his mind he might reflect on Morton's comeback. He lasted 15 seasons with Cleveland and recovered for a 97-88 record.

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## ***'This Same Skull, Sir'***

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\*\*\*\*\*

Margaret Truman, Daniel, 20, and the only child of Harry S. Truman, are in Washington, D. C., for the inauguration. Margaret is the most beautiful first lady since Eleanor Roosevelt and has been "despoiled" of the unjust criticism she had suffered. Daniel read the first inaugural address for Eleanor Roosevelt in 1945. He is in the *Life* magazine, September 19, the presidents' wives column, but saved her highest praise for his mother. Mrs. Truman, 40, is Mrs. Roosevelt and her own. Mrs. Truman, now 90, has no impact on our country. She writes. But, she adds, "I believe that Mother did her best." Mrs. Truman, who was in ill health for the last two months, lives in Independence, Mo.

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